Daily Report

East Europe

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Press Reports Military Repressions in Beijing

AU0506120489 Tirana ATA in English 0830 GMT 5 Jun 89

[From the "Press Review"]

[Text] The newspaper BASHKIMI carries an ATA report entitled "The Army Oppresses Through Force the Movements of Students' Protests in Beijing," which referring to the reports of the news agencies, informs that the Chinese military troops, escorted by tanks and armoured vehicles, fired at the participants in the student movement in Tiananmen Square, by brutally oppressing their protest.

Casualties Reported

AU0606135289 Tirana ATA in English 0915 GMT 6 Jun 89

[From the "Press Review"]

[Text] The newspapers issue the ATA information entitled "A Very Grave Situation as the Military Forcefully Puts Down the Students' Movement of Protest in China." It stresses among others that units of the Chinese military intervened against the protesting students, who for many weeks now have been organising protests for more democracy. These troops were backed by tanks and armoured vehicles and opened fire at the participants in the students' movement of protest in Tienanmen Square. According to the news agencies it is difficult to give a toll of casualties, but the French news agency AFP reports that at least 1,400 persons are killed and nearly 10,000 of others are wounded. Among them many were killed by the firearms, whereas many others met death under the chains of tanks and the other armoured vehicles. According to the British news agency, REUTER, the inhabitants of the capital continued their resistance against the suppression of the students' protests.

Washington's Role in NATO, Policies Assessed

AU0706140489 Tirana ZERI I POPULLIT in Albanian 31 May 89 p 4

[Sokol Gjoka article: "NATO's Crisis and a Compromise Statement"]

[Text] A compromise statement was the only solution that the top leaders of the NATO countries could achieve in order to leave the high-level meeting that ended in Brussels yesterday with a semblance of "unanimity." The kind of "unanimity" this was, the "compromise" itself shows best. "NATO's top leaders left Brussels pleased at not being totally divided," foreign news agencies commented at the conclusion of the NATO high-level meeting. At the conclusion of this same meeting, the British news agency REUTER stressed that the agreement reached here represented a concession on the part of the United States and Britain toward the FRG, since Washington and London insisted that there should be no discussion at Brussels about the Lance short-range nuclear missiles. However, it appears that the divisions and contradictions within NATO become ever more evident as the years pass, a fact that can be explained by the growing sense of identity and independence among its member states. This was seen clearly in Brussels recently. The concluding statement was formulated as a compromise that bore in mind the different positions within the alliance, such as those on the imposition of United States policy, on conventional weapons, on short-range nuclear weapons, on entering into talks with the Soviet Union on disarmament, and on East-West relations. According to the statement, the future of short-range nuclear missiles will depend on the Vienna talks on the reduction of conventional forces in Europe. NATO's top leaders reached an agreement that as soon as the preparatory phase of conventional arms reduction comes to an end, the United States must enter into talks with the Soviet Union on the reduction of short-range nuclear weapons.

As is also evident from the concluding statement, the United States was this time forced to listen to the voices of the European majority in the alliance, and even take them into consideration. At first, the Americans arrived at the meeting wielding a big stick. For some time, a conflict has been simmering within the alliance over the Lance short-range missiles stationed on FRG territory. On one side stands a group of such Western European countries as the FRG, Greece, Spain, Denmark, Italy, and so forth, who are calling for the reduction of some other kinds of weaponry, and on the other side stand the United States, Britain, and one or two others who are in favor of strengthening NATO nuclear capability. The United States strained to use every means of pressure to stifle all Western European opposition. Baker, the United States secretary of state, stated more than once to the Western European leaders during his visit to Europe that "We are opposed to the elimination of every kind of nuclear arms on this continent, including short-range missiles." Meanwhile, President Bush tried to manipulate the feelings of the peoples of Europe on the subject of peace when he said, at the graves of American soldiers who died during World War II at Netuno in Italy, that "Without having had the experience of a terrible and destructive war, they (the younger generation) will find it difficult to understand why we need to maintain strong forces of military deterrence in order to prevent war." The message was clear, and was aimed at the other 15 members of NATO. However, Western Europe is no longer the adolescent that the United States considered it 40 years ago. NATO is becoming increasingly aware of this. The FRG finds the modernization of the Lance missiles quite out of place at a time when disarmament in Europe is called for, and is supported by other states in Western Europe. For example, the Greek prime minister, Papandreou, stressed: "We support the German view and I believe it would be a major error to return even indirectly to intermediate-range weapons, which would be called short-range missiles after having been modernized."

There was no way such an atmosphere could please those imposing policies from Washington. Under these circumstances, Washington was forced to change its tactics quickly and lay before the talks a package of proposals to reduce conventional forces. U.S. President Bush stressed that the United States would reduce the number of operational United States troops in Europe by more than 20 percent, fixing them at 275,000, and seeking the same number from the Soviet Union. As for the FRG proposal to reduce the number of intermediate-range nuclear missiles, the U.S. President said that it could be acted on when conclusions are reached in the Vienna talks between NATO and the Warsaw Pact on the reduction of conventional forces. In this way, American policy achieved two objectives. First, it created an atmosphere of "disarmament" within the Atlantic alliance, and second, countered the many Soviet proposals, thus gaining propaganda capital among international public opinion. Bush stresses conventional forces in these proposals, while the Soviet Union emphasizes nuclear weapons. This, too, is in itself a contradiction, with each superpower seeking to use its strongest points in order to strike at its rival and achieve military supremacy.

It is true that the military policies of the superpowers have occupied an important place in the history of international relations in Europe, and this has had its echo in East-West relations. Under present conditions, the countries of Europe are increasingly trying to replace military policy with diplomacy. However, this does not suit Washington, which relies on its military presence and control for its hegemony in Europe. American President Bush openly voiced this goal of United States policy in Europe at the high-level NATO meeting when he said, "I will not allow the United States to withdraw from this continent. It is in our interests to defend Europe. We are not here simply for philanthropic reasons." This is an expression of the political philosophy of the United States leadership, which is to preserve its leadership of Europe at all costs, ignoring the fact that this leadership contradicts the reduction of tension, disarmament, and the democratization of international relations. Bush also expressed this at the Brussels high-level meeting when he sought to impose his will on the allies. But times have changed, and the United States had to rest content with a compromise statement. It is a statement that conceals neither the contradictions nor the crisis within the Atlantic alliance.

People's Assembly To Hold Fifth Session 20 June

AU0606190789 Tirana Domestic Service in Albanian 1800 GMT 6 Jun 89

[Text] In accordance with Article 77 of the Constitution, the Presidium of the People's Assembly of the People's Socialist Republic of Albania has decreed:

The People's Assembly is summoned to the Fifth Session of the 11th Legislature, at 1700 on Tuesday, 20 June 1989. This decree comes into force immediately.

Number of decree: 7,304

For the Presidium of the People's Assembly of the People's Socialist Republic of Albania: Ramiz Alia, chairman; Sihat Tozaj, secretary. Tirana, 6 June 1989.

Alia Meets Brazilian Communist Leader

AU0106191889 Tirana Domestic Service in Albanian 1800 GMT 1 Jun 89

[Text] Comrade Ramiz Alia, Albanian Workers Party [AWP] Central Committee first secretary, today received the president of the National Presidium of the Communist Party of Brazil, Comrade Joao Amazonas, who is paying a friendly visit to Albania at the invitation of the AWP Central Committee.

During the meeting, which took place in the cordial atmosphere of internationalist friendship that has always characterized relations between the two parties, they discussed topical problems pertaining to the work and experience of the two parties. They exchanged opinions on the development of the international situation and the revolutionary struggle against imperialism and modern revisionism. Unanimous views and opinions were expressed on all subjects and the need was stressed for the defense and creative development of Marxism-Leninism in conformity with the conditions and peculiarities of our time.

The meeting was also attended by Agim Popa, director of the AWP Central Committee Foreign Directorate.

Alia Greets Italy's Cossiga on National Day

AU0206184489 Tirana Domestic Service in Albanian 1800 GMT 2 Jun 89

[Text] Comrade Ramiz Alia, chairman of the Presidium of the People's Assembly of the People's Socialist Republic of Albania has sent the following greetings telegram to Francesco Cossiga, president of the Italian Republic:

On the occasion of Italy's National Day, in the name of the Albanian people, the Presidium of the People's Assembly, and on my own behalf, I send you sincere greetings and best wishes for the happiness and prosperity of the Italian people.

I avail myself of this opportunity to wish for the development of relations between our two neighboring countries, to the benefit of the Albanian and Italian peoples and of peace.

Alia Salutes FRG's Weizsaecker on Reelection

AU2705185689 Tirana Domestic Service in Albanian 1800 GMT 27 May 89

[Text] Comrade Ramiz Alia, chairman of the Presidium of the People's Socialist Republic of Albania, has sent the following telegram of congratulations to Richard von Weizsaeker, President of the Federal Republic of Germany:

On the occasion of Your Excellency's reelection to the high position of President of the Federal Republic of Germany, it is my particular pleasure to convey to you sincere greetings and best wishes for your continued success.

I am confident that our friendly relations will be further developed.

Alia Speech on Mineral Resources Reported

AU0306153489 Tirana ATA in English 0915 GMT 3 Jun 89

[Text] Tirana, June 3 (ATA)—These days, the Political Bureau of the Central Committee of the party examined the realisation of the objectives for the discovery of solid mineral, oil, and gas reserves and analysed the work being done in all the geological service sectors of the country. It evaluated the achievements of our geology which for a short period of time has put in service of economy a great potential of the underground assets, with about 45 kinds of minerals, in reserves which are exploitable and well-studied. The Political Bureau stressed that in the future, too, attention will be attached to the consolidation of the geological service throughout the country, ensuring the necessary funds and advanced technical means.

Our economy the meeting pointed out has profited too much from the care of the party and the sacrifices of the people. The underground assets, the oil and gas, the coal, chrome, copper, iron nickel etc., have long since been decisive for the development of the productive forces of the country, for our exports, for the investments we make.

Comrade Ramiz Alia, too, spoke at the meeting. He stressed among others that the geology is the vanguard of heavy industry, is the eye and mind which penetrates in the depths of the land, operating in all those complicated sciences. In the field of geology, more than in any other field, alongside its application, the Albanian school is being theoretically formed.

Comrade Ramiz Alia underlined the tasks that the mineral processing cycles should be closed on a wide front, especially of copper and chrome, by doubling and tripling their value for export. To this end serve also the measures being applied to set up the industry of ferrochrome in Elbasan and its extension in Mat, to process the useful elements of the iron-nickel and copper minerals and in other directions. [sentence as received]

Leaders' Public Appearances for 26 May-2 Jun

AU0206185389

[Editorial Report] Tirana Domestic Service in Albanian in its broadcasts between 26 May-2 June reports the following public appearances of Albanian leaders (time, date of each report given in parentheses):

Ramiz Alia, Albanian Workers Party (AWP) Central Committee first secretary; Besnik Bekteshi, Adil Carcani, Foto Cami, Hajredin Celiku, Lenka Cuko, Hekuran Isai, Manush Myftiu, Muho Asllani, Pali Miska, Prokop Murra, Rita Marko, Simon Stefani, and Kico Mustaqi, AWP Central Committee Politburo members; and Llambi Gegprifti, Pirro Kondi, Qirjako Mihali, Vangjel Cerrava, AWP Central Committee Politburo candidate members, attended a concert in Tirana on May 30. (1800 GMT 30 May)

Hekuran Isai, Rita Marko, and Prokop Murra attended a scientific session on the 45th anniversary of the First Assault Division in Tirana on 26 May. (1800 GMT 26 May 89)

Ramiz Alia received Joao Amazonas, president of the National Presidium of the Communist Party of Brazil, in Tirana on 1 June (Tirana Domestic Albanian 1800 GMT 1 Jun) and spoke on the importance of mineral resources at a meeting of the AWP Central Committee Politburo in Tirana on 2 June. (1800 GMT 2 Jun 89)

Muho Asllani attended a wartime anniversary commemoration in Durres on 31 May. (1800 GMT 31 May)

Adil Carcani visited rural areas in Gjirokaster District on 27 May. (1800 GMT 27 May 89)

Rita Marko received a delegation of veterans of the Italian resistance movement in Tirana on 1 June. (1800 GMT 1 Jun)

Reis Malile, minister of foreign affairs, received an Italian regional economic delegation in Tirana on 1 June. (1800 GMT 1 Jun)

Economic Progress Reported for 28 May-3 Jun

AU0306190089

[Editorial Report] Tirana Domestic Service in Albanian in its transmissions between 28 May-3 June carries the following economic performance reports (time, date of each report given in parentheses):

Durres District: The general industrial production plan hitherto has been exceeded by 14 million leks. (1800 GMT 3 Jun 89)

Elbasan District: The Steel of the Party Combine exceeded its production plan to 20 May by 7.7 million leks. (1800 GMT 28 May 89)

Kolonje District: The general industrial production plan to 20 May was exceeded by 1.2 million leks. (1800 GMT 28 May 89)

Pogradec District: The 5-month general industrial production plan was fulfilled early. (1800 GMT 30 May 89)

Three Arrested Dissidents Missing for 10 Days
AU0706145889 Paris AFP in English
1419 GMT 7 Jun 89

[Text] Sofia, June 7 (AFP)—Three Bulgarian dissidents arrested 10 days ago have vanished without trace, reliable sources here said.

The three are all members of the dissident intellectuals' association Podkrepa (Support).

They included Podkrepa's President Konstantin Trenchev, who disappeared after visiting several Western embassies here to complain of the Bulgarian authorities' refusal to let him go to Paris for the start last week of the 35-nation Conference on Security and Cooperation in Europe human rights forum.

Bulgaria is represented at the meeting and has been attacked by Western nations over its rights record.

Podkrepa's secretary, poet Nikolay Kolev, and a third member of the group were arrested at the same time.

Other Bulgarian dissidents were given exit visas for Paris, including writer Blaga Dimitrova and journalist Koprina Chervenkova, who travelled in the same aircraft as Bulgaria's Foreign Minister Petur Mladenov.

Joint Staff Training Center Founded With France
AU0706195789 Sofia BTA in English
1938 GMT 7 Jun 89

[Text] Sofia, June 7 (BTA)—A Bulgaro-French centre for training economic management personnel (Marcom) in management, marketing, financing and advertising was established today. It is set up in pursuance of the governmental agreement Bulgaria and France signed in January this year. The centre will help in the establishment of contacts between Bulgarian and French firms and will promote the extension of mutual business and economic cooperation.

Co-founders of the centre are the Bulgarian Institute of Studying and Influencing the Market and and the French agency for sci-technical and economic cooperation "Actime".

Economic Cooperation Session With Australia Ends
AU3105195089 Sofia BTA in English
1832 GMT 31 May 89

[Text] Sofia, May 31 (BTA)—Australia and Bulgaria are not major trading partners but they make considerable efforts to promote their relations, Mr Collin Rogers, assistant secretary at Australia's Department of Foreign Affairs and Trade, told a BTA reporter. He visited here for the sixth session of the Bulgaro-Australian Commission for Economic Cooperation, of which he is a cochairman.

He said he believed that the decisions of the session which the mixed commission has just ended will lead soon to specific results, to a larger exchange of goods and services. The two-way trade covers mainly consumer goods and has to be diversified, the guest said.

Attention should be turned to the establishment of joint ventures which are still few in number, as they could be used as a channel of technology transfer. The sides are now considering the opportunities for a consortium to handle the first major joint project: the updating and extension of the Dimitur Blagoev non-ferrous metal works in Plovdiv. The negotiations are in a very advanced stage, Mr Rogers pointed out. Australia is a leading producer of mineral and agricultural resources, and there is room for joint work in this field.

The protocol on the session lists the areas in which the two countries will be promoting their cooperation: mechanical engineering, electronics, the food industry and pharmaceutics. The participants discussed the possibilities of Australia adding sugar and environmental protection equipment to wool in its exports for Bulgaria.

The Australian guests were received by Mr Ivan Ganev, deputy minister of foreign affairs, and by Mr Konstantin Glavanakov, deputy minister of foreign economic relations.

Hurricane Strikes Pleven Area, Causes Damage
AU0506200089 Sofia Domestic Service
in Bulgarian 1900 GMT 5 Jun 89

[Text] Our Pleven correspondent Tsvetan Tsachev reports that today at about 1700 Bulgarian time a severe hurricane, accompanied by hail, affected the Pleven and Pordin municipalities.

The areas of the villages Bokhot, Nikolaevo, Beglezh, Pordin, Sgalevo, and Totleben were most severely affected.

A total of 150 houses are inhabitable in Bokhot village. In certain places the hailstones were egg-sized. The local national economy suffered considerable damage.

A woman was fatally injured in Bokhot village and another one has been transported to Pleven for medical treatment. One man and three children have been injured.

Urgent measures are being adopted to normalize the situation.

Reaction to Continuing Violence in China Reported

Correspondent Reports Situation

AU0706123489 Prague RUDE PRAVO in Czech 6 Jun 89 pp 1, 7

[Vladimir Divis/CTK dispatch: "Proclamation Issued by the CPC Central Committee and the PRC Government; Several Dozen Soldiers Dead, More than 1,000 Wounded; Unknown Number of Victims Among Civilians; Life in Beijing Paralyzed; Isolated Gunfire in the Streets of the Capital"—passage between slantlines published in widespace]

[Text] Beijing (By our reporter and CTK)—After energetic action was taken by the Chinese Army units and the downtown area of the Chinese capital was cleared, the situation in Beijing on Monday [5 June] became partly stabilized. This is mainly the effect of an /appeal by the CPC Central Committee and the PRC State Council,/ which the local radio and television have been broadcasting the whole day.

After almost 3 weeks, the disturbances are now termed a counterrevolutionary attempt to overthrow the socialist system and to liquidate the Communist Party. The proclamation states that the organizers and originators of the disturbances are primarily people who have joined forces with the hostile forces abroad and with underground organizations. These people are betraying the most important party and state secrets, they are street ruffians and followers of the "Gang of Four"—i.e. they are people who hate the CPC and the socialist system.

The proclamation also states that the instigators of disturbances have tried to prevent the troops from entering the Tiananmen Square, erecting barricades and attacking party and state functionaries. They beat up several dozen soldiers, the proclamation states, and stresses that the disturbances were intended to break up the socialist system and the CPC.

The PRC Government has practiced self-restraint in its approach, but the counterrevolutionaries have considered this an expression of weakness and continued their activities. The armed forces have tried to avoid bloodshed by every means in their power. However, small groups of agents provocateurs attacked the soldiers; some people died, some were wounded. We did not want this, the proclamation states. Nevertheless, had no action been taken, the disturbances would have continued and the bloodshed would have been even worse.

It must be conceded that the disturbances have not yet quite ceased, and that the counterrevolutionaries refuse to acknowledge their defeat. If they continue their activities, we will resolutely fight them to the very end, the proclamation issued by the PRC State Council and the CPC Central Committee concludes.

On Monday [5 June] night the streets of Beijing were almost completely deserted, as they were 24 hours earlier. Nevertheless, when approximately three dozen armored personnel carriers were being shifted that night to the downtown area, there were incidents. The attackers again tried to stop, or at least to hamper, their progress with the aid of bottles filled with an inflammable mixture. Now only sporadic gunfire from machine guns is resounding from time to time from the downtown areas and from some suburbs.

On Monday [5 June] slogans appeared in the town, calling for a 2-day general strike in protest against the military action. Although many people failed to turn up for work on Monday [5 June], either because of the nonfunctioning of the city transportation or for safety reasons, many organizations continued to operate. However, these last 2 days neither the dailies, nor the mail were distributed in Beijing and many shops which were besieged by customers closed down in the afternoon. Because of the difficulties in getting deliveries of fresh vegetables, fruit, and dairy products, the prices have rapidly risen. Communications with other cities and with abroad have not been broken off, although the international telephone exchange is flooded by requests for calls to other countries. So far the deliveries of electricity, water, and gas have been regular.

Apart from blocking off the downtown area itself, the army has also blocked off the 24-km circular road surrounding downtown Beijing. Any larger troop movements or cleaning-up operations take place late at night or early in the morning, when there is no danger of numerous curious bystanders or passers-by becoming victims by accident. Traffic on Changan Avenue, which bisects the city from east to west, has totally stopped; so far nobody has started to remove the barricades or the wrecks of cars and buses.

At this very moment stormy discussions and meetings are taking place in the students' hostels and classrooms. The main topics are the tragic consequences which are the result of the students' 3-week strike on Tiananmen Square. However, so far no military units have appeared on the university campus.

Other Chinese cities have also been filled with unrest in reaction to the Beijing events. The students in Shanghai, the city with the largest population, have organized a sitting strike directly on the railroad tracks, thus stopping all railroad traffic. Moreover, public transportation was interrupted when the people's masses blocked the crossroads by buses. Unrest and protest actions involving tens of thousands of people have also been reported from Wuhan, Nanjing, and other cities.

Foreign Press Cited

AU0706140089

[Editorial Report] Prague RUDE PRAVO in Czech on 6 June on page 6, in the "They Said, They Wrote" column, carries a 1,300-word review of the world press of 5 June.

Three of the foreign press articles quoted by RUDE PRAVO concern latest developments in the PRC. RUDE PRAVO first cites TRYBUNA LUDU as having written that the "drama in the center of Beijing" is primarily a tragedy for its victims, "but also a drama of the policy of reforms and openness implemented in China in the last 10 years" as well as a "drama for the friends of this nation and state, regardless of which side provoked the shooting and on which side the first victim died." Next, RUDE PRAVO quotes a MAGYAR NEMZET article as saying that "one can scarcely imagine that, after this violence in Beijing, everything will continue as though nothing had happened" and as predicting that, because of the country's many unresolved problems, the demands of the Chinese youths "are more likely to grow more radical than to calm down." Finally, quoting the third article, RUDE PRAVO says: "The French newspaper L'HUMANITE writes that the demonstrators in Beijing maintained a peaceful stand. Their only weapons were their hopes and their number. They were often accompanied by members of the Communist Party. They were even singing the International under red banners."

Report on Events

AU0706140189 Prague RUDE PRAVO in Czech 5 Jun 89 p 6

[Vladimir Divis report: "The Army Has Occupied the Central Square; Beijing: Clashes Between Soldiers and Civilians; Contradictory Reports on the Number of Victims; The Chinese Military Command Has Deployed Tanks and Armored Personnel Carriers; The Armed Forces Have Received An Order To Punish Peace-Breakers"]

[Text] Beijing (From our own correspondent)—On Saturday [3 June] night armored units of the Chinese People's Liberation Army occupied the central Tiananmen Square. They had tried this several times since the proclamation of a state of emergency 2 weeks ago. However, they had always been halted by crowds of demonstrators. Soldiers in helmets, armed with machineguns, during the early morning hours drove the last few hundred students, who had been on strike here, with short breaks, since the middle of April, out of the square.

During the operation many skirmishes between the military units and the residents of the city took place. After the 2 weekend nights dozens of burned out wrecks of buses, trolley buses, military trucks, and jeeps remained on the streets. According to unconfirmed reports, Saturday and Sunday's unrest claimed lives. However, reports on the numbers of dead and wounded vary considerably. Some unofficial estimates talk about 40 dead and 300 wounded.

In its Saturday evening news bulletin Chinese television broadcast an announcement by the command of the troops called into Beijing in connection with the declaration of the state of emergency. Among other things, it said that: "Small groups of provocateurs are spreading slanders and insults with the aim of discrediting the authority of the Chinese People's Liberation Army. They are appealing to the residents of the capital city to damage military vehicles, to steal weapons, to block military convoys during transfers, and they are instigating physical attacks against members of the armed forces."

It is further stressed in the announcement that the Army, the security, and other order maintaining forces have received an order to punish all violators of the state of emergency who will bear absolute responsibility for the possible consequences. On the same day, the radio broadcast in the street a proclamation issued by the propaganda section of the party city committee which, among other things, talks about the attempt by certain people in the background of the unrest to subvert the leading role of the CPC in society to date and are appealing for the overthrow of the socialist system in the PRC. According to the authors of this document, these counterrevolutionary ideas have been spread, primarily, among university students.

As Chinese television also reported on Saturday, on Friday night a military jeep drove at high speed into a group of cyclists, killing three of them and seriously injuring one. This incident heightened tension in the city center. On Saturday, during the early morning hours, numerous Army units attempted to break through into the center of Beijing, into Tiananmen Square.

The first serious clashes with the populace took place at this time. On Saturday afternoon a crowd of several thousand people rioted at the gates of the Chung-nan-chaj [spelling as published] residence, only a few hundred meters from the central square, where the most important party and state organs are situated. Here the frenzied crowd completely demolished several military trucks, destroyed three military buses, and then attacked several other security and Army vehicles.

Shortly after midnight on Saturday night armored personnel carriers and tanks we re deployed against the demonstrators. Gunfire from machineguns and also from heavier weapons was heard in the city center from one o'clock in the morning.

Now troops completely control the whole square, 880 meters long and 500 meters wide, into which during the "Cultural Revolution" 2 million people squeezed. Chains of soldiers blocked approach roads to the square approximately 100 meters from its borders. Even throughout Sunday many youths threw stones at the troops on patrol.

The main boulevard, intersecting the city from east to west and leading through the northern end of the central square, is blocked off, and in many places is covered in shards of glass, stones, bricks, and the remnants of the night-time barricades. Thousands of onlookers, who moved about in the city center throughout Sunday night, greatly complicate the situation. On Sunday Beijing Airport was closed and all scheduled flights were cancelled.

So far in these hectic hours none of the leading Chinese representatives have appeared in public. Local observers juxtapose this fact with the meantime unconfirmed reports of differences of opinion in the most senior Chinese party leadership on the possibilities for resolving the several-week-long tense situation in the Chinese metropolis.

With the exception of Li Peng, the premier, who received three foreign diplomats, none of the other four members of the Standing Committee of the Politburo of the CPC Central Committee, including Zhao Ziyang, general secretary of the party Central Committee, has appeared in public since 19 May. Even Deng Xiaoping, chairman of the Communist Party of China Central Committee Military Commission, still considered to be the most influential political personality in the country, has so far, similarly, not made an appearance.

Regardless of the unrest during the past 2 days, and even despite the state of emergency, the Beijing City organs have so far not introduced a night curfew. According to information from the CSSR Embassy in the PRC, all Czechoslovak citizens working in Beijing are safe.

Lanzhou Transport 'Paralyzed'

AU0706140889 Prague RUDE PRAVO in Czech 5 Jun 89 p 7

[CTK report: "Tatra Expedition Reached Lanzhou"]

[Text] Beijing—The "Tatra Around the World" expedition has now reached Lanzhou, the capital of Gansu Province in North-Western China. Petr Barta, one of the members of the expedition, reported this in a telephone call to the CTK reporter in Beijing on Sunday [4 June].

The expedition stopped over in Lanzhou for 2 days, which it mostly spent filming for the Barrandov film studio and Czechoslovak Television.

In spite of the complicated situation in the city—all city transport in Lanzhou is paralyzed and all exits from the city are blocked off—the expedition has succeeded in fulfilling its entire filming program as planned.

In cooperation with those ensuring the Tatra expedition's transit through China, the expedition intends to adhere to the original timetable of its tour and to leave Lanzhou City on Monday [5 June] morning.

All participants in the Czechoslovak expedition are in good health.

Further Reportage on Bulgaria's Atanasov's Visit

Adamec Speaks at Dinner

LD0706102289 Prague CTK in English 1900 GMT 6 Jun 89

[Text] Prague June 6 (CTK)—Friendship among nations of Czechoslovakia and Bulgaria has deep historical roots, Czechoslovak Premier Ladislav Adamec said at a dinner given in honour of Bulgarian Premier Georgi Atanasov here today.

At present we are linked with the efforts for restructuring and democratization of society, inspired by the example of Soviet communists. In this we are relying on advantages and possibilities of socialism. We want to increase the attractiveness of socialism as a modern social system, Ladislav Adamec said.

The long-term trade agreement provides for the overall trade turnover worth 5,400 million roubles in this five-year plan period (1986-1990), i.e. an increase by 70 per cent compared with the previous five years. The results from the first three years show that the plan will not be reached. We agreed that it is necesary to improve the implementation of contracted orders, especially in those branches where the exchange of goods is carried out on the basis of agreements on specialization and cooperation.

The life teaches us to consider mutual insisting on the implementation of adopted pledges a practical expression of socialist internationalism. The hiding of weak places, overlooking mistakes, acceptance of shortcomings have nothing in common with real comradely relations, not being for the benefit of the joint cause of socialism but on the contrary doing it harm. This concerns not only bilateral relations but also relations in the framework of the Council for Mutual Economic Assistance (CMEA).

There are already several examples of good cooperation between Czechoslovakia and Bulgaria, for instance between the enterprises Liaz and Madaru. Czechoslovakia wants the two countries to multiply through cooperation their economic and scientific-technological potential, to make use of all advantages of international economic division of labour. At present, work on the coordination of national economic plans for the years 1991-1995 has been initiated. To develop direct relations between the two countries' enterprises, an agreement on accounting in national currencies was signed one year ago, but not a single trade operation has been carried out in this way, Ladislav Adamec said.

He expressed satisfaction that his talks with Georgi Atanasov dealt openly with the questions of development of the two countries' cooperation. Our talks again proved the identity of views in the international sphere, he said.

Present at the dinner were members of the Czechoslovak Government, the delegation of the Bulgarian Government and other Czechoslovak and Bulgarian officials.

Atanasov Speaks at Dinner

LD0706103589 Prague CTK in English
1908 GMT 6 Jun 89

[Text] Prague June 6 (CTK)—The process of restructuring influences the quality of bilateral relations based on confidence and understanding between the communist parties and nations of Bulgaria and Czechoslovakia, Bulgarian Premier Georgi Atanasov said at a dinner given in his honour here today.

Georgi Atanasov voiced the conviction that the efforts must focus on prospective technological directions with regard to structural changes of the two countries' economies, broad realization and extension of specialization and cooperation, creating of joint ventures and joint actions on third markets. Quality and world level of production must become the main criteria of bilateral economic cooperation, Georgi Atanasov said.

He pointed out that all questions of bilateral cooperation are naturally linked with further development of the Council for Mutual Economic Cooperation (CMEA).

As regards questions of international life, both sides have identical stands which are in harmony with new political thinking, with tendencies asserting the path of transition from competition in armament towards disarmament, Georgi Atanasov said.

Bulgaria welcomes and supports the Czechoslovak proposals for the strengthening of confidence and cooperation in Europe and ecological protection of our old continent.

The initiatives of Bulgaria in the Balkans are generally known. Bulgaria will continue to help develop the idea of European house and the philosophy of new political thinking, the Bulgarian representative said.

Atanasov Departs for Warsaw

LD0706151189 Prague Domestic Service in Czech
1030 GMT 7 Jun 89

[Text] Georgi Atanasov, Bulgarian Prime Minister, this morning ended his friendly working visit in Czechoslovakia and left Prague for Warsaw. He was seen off at Ruzyne Airport by Prime Minister Ladislav Adamec, on whose invitation the visit took place.

Atanasov Ends Visit 7 Jun

AU0706165789 Sofia BTA in English
1514 GMT 7 Jun 89

[Text] Prague, June 7 (BTA)—With a signing of a protocol on the talks ended the two-day friendly visit in Czechoslovakia of Mr Georgi Atanasov, chairman of the Council of Ministers of Bulgaria. The visit was at the invitation of Mr Ladislav Adamec, prime minister of Czechoslovakia.

I leave with deep satisfaction over the content of the talks, over the level at which all questions were discussed in order to give new impetus to the Bulgaro-Czechoslovakian cooperation, said Mr Georgi Atanasov.

He stressed that his talks with Mr Milos Jakes and Mr Gustav Husak have passed in the traditional atmosphere of complete understanding. We reached the conclusion that in Bulgaria and Czechoslovakia there are important events at present related to the restructuring, to the innovation of our social systems. Our aims and approaches are identical or close, said the leader of the Bulgarian Government.

He pointed out that they have discussed with Mr Ladislav Adamec concrete questions of the cooperation, the prospective and global themes related to its turning to new forms which should correspond to the modern state and needs of the material and technical base, to the management of economy, to the desire for the establishing of even more active bilateral and multilateral cooperation in the framework of the CMEA.

Expressing satisfaction over the achieved results Mr Ladislav Adamec said: We reached the agreement that the two sides should pay maximum attention to the quality of the production and the timely fulfilment of the deliveries.

He specified that the stress is laid on the cooperation in the sphere of energetics, mechanical engineering and the chemical industry. An agreement has been reached to create the necessary preconditions for faster development of the direct relations, for the establishing of joint enterprises in compliance with the requirements of the economic account. The questions of the coordination of the national economy plans have also been viewed.

In their toasts at the official dinner last night Mr Georgi Atanasov and Mr Ladislav Adamec reiterated the identical positions of the two countries on the international questions.

They are in unison with the new political thinking with the tendency for transition from arms race to disarmament, pointed out Mr Georgi Atanasov.

He stressed that the constructive initiatives of the USSR, Bulgaria, Czechoslovakia and the other socialist community countries are oriented toward the consolidation of the CSCE process, toward the practical realization of the ideas and proposals.

We greet and support the proposals of Czechoslovakia oriented toward strengthening of the confidence and cooperation in Europe, toward ecological protection of the old continent, said Bulgaria's prime minister.

Bulgaria's initiatives in the Balkans are well known, said Mr Georgi Atanasov, and assured that the country will continue to give her contribution in interest of the common European house and the philosophy of the new political thinking.

The chairman of the Council of Ministers of Bulgaria invited Czechoslovakia's prime minister to visit Bulgaria. The invitation was accepted with gratitude.

CPCZ 'Insists' on Completion of Dam Project

AU0706153589 Bratislava PRAVDA in Slovak 5 Jun 89 p 1

[CTK report: "A New Youth Movement Tradition; The International Meeting of Youth in the Sumava Mountains Has Ended"]

[Text] Vimperk—The 4-day marathon discussion on the problem of the environment and its relationship to peace which, under the title International Meeting of Youth, had been taking place since Thursday [1 June] in Vimperk in South Bohemia, came to an end yesterday with the departure for home of 1,136 Czechoslovak participants. Only some of the 268 guests from 27 countries remained in the tent city in order to jointly commemorate today's World Environment Day.

On Saturday [3 June] the young people welcomed a delegation from the Communist Party of Czechoslovakia [CPCZ] Central Committee, the CSSR National Front Central Committee, and the CSSR Government, led by Karel Urbanek, member of the CPCZ Central Committee Presidium, chairman of the Committee for Party Work in the Czech Socialist Republic [SR], and chairman of the Czech SR National Front Central Committee. In their talks members of the youth union expressed the opinion that before a decision is made on large investment units, the plans should be considered from an ecological point of view. I completely agree with this, said Karel Urbanek. Each decision must be evaluated comprehensively, that also means from the aspect of its relationship to the environment. The young people also talked about ecological activities at a meeting with Vasil Mohorita, member of the CPCZ Central Committee Secretariat and chairman of the Socialist Youth Union Central Committee, and Jaromir Johanes, CSSR minister of foreign affairs. Among other things, he also explained to the members of the youth union the current situation concerning construction of the Gabcikovo-Nagymaros joint Czechoslovak-Hungarian dam project. After Hungary stopped work on its section, the Czechoslovak side holds the view, said the minister, that until the Hungarian People's Republic submits new, so far unknown, facts which would provide a reason to re-evaluate the project, it is necessary to insist that the international agreement be complied with.

A new tradition in our youth movement has obviously been founded by the first international meeting of youth in the Sumava Mountains. Now it is important that its working character and close relationship to the topical tasks of our present are preserved.

Engineer Affirms Benefits of Gabcikovo-Nagymaros

AU0806113589

[Editorial Report] Prague RUDE PRAVO in Czech on 7 June carries a 1,700-word article by Eng Vladimir Lokvenc, commissioner of the CSSR Government and the government of the Slovak Socialist Republic for the construction and operation of the Gabcikovo-Nagymaros system of hydropower projects, entitled "The History and Present of Danube Hydroprojects." In the opening part of his article, Lokvenc reviews the history of Danube dams, demonstrating that the regulation and use of the Danube dates back to ancient Roman times. In the next part of his article, he reviews the history of the Gabcikovo-Nagymaros project and its benefits from the economic point of view. In this context he dwells on the projects contribution to flood protection, to the generation of cheap electricity, improved conditions for international navigation on the Danube, increased availability of sources of drinking water, and to the development of tourism in the area. In the concluding section of his article, Lokvenc discusses ecological aspects of the project. He emphasizes that these aspects have been studied by many experts from the very beginning of the project and that a number of measures have been adopted which "harmonize in a responsible and comprehensive manner the possibilities of technical solutions with demands and proposals of ecologists." In particular, Lokvenc discusses measures that have been taken to protect forests in the Danube basin.

Lokvencs article does not contain any reference to the Hungarian decision to halt construction on the Hungarian section of the joint project.

Condolences Sent to Iran on Khomeyni's Death

AU0706135089 Prague RUDE PRAVO in Czech 6 Jun 89 p 2

[Unattributed report in the "Receptions, Negotiations, Telegrams, Letters" column]

[Text] Prague—CSSR President Gustav Husak sent Sayyed 'Ali Khamene'i, president of the Islamic Republic of Iran, a telegram of condolences on the death of Imam Ruhollah Khomeyni, the country's political and spiritual leader.

Condolences Sent to USSR on Train Disaster

AU0706135689 Prague RUDE PRAVO in Czech 5 Jun 89 p 1

[CTK report: "A Telegram of Condolence"]

[Text] Prague—Milos Jakes, general secretary of the Communist Party of Czechoslovakia [CPCZ] Central Committee, Gustav Husak, CSSR president, and Ladislav Adamec, CSSR premier, sent on Sunday [4 June] on behalf of the CPCZ Central Committee, the CSSR Government, and the whole Czechoslovak people, a telegram of condolence with the following text to Mikhail Gorbachev, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet, and Nikolay Ryzhkov, chairman of the USSR Council of Ministers:

Dear comrades,

We received the report of the tragic rail disaster on the Trans-Siberian main line with deep sadness. Allow us to express to you and to all the Soviet people our sincere condolences. We ask you to convey our deepest sympathy to the relatives of all the victims.

'Decisive Majority' for Solidarity Reported

AU0706135489 Prague RUDE PRAVO in Czech 6 Jun 89 p 7

["(PM)"-signed report: "Poland in the Expectation of Results; 62 Percent of Voters Participate in the Parliamentary Elections"]

[Text] Warsaw (From our own correspondent)—According to preliminary reports, 62.1 percent of eligible voters participated in Sunday's [4 June] elections to the Sejm and Senate in the Polish People's Republic. The State Election Commission announced this on Sunday night in Warsaw.

This is approximately 20 percent less than was ascertained from a public opinion poll which was published immediately before the elections. The State Election Commission will announce the final results of the voting on Wednesday [7 June].

On Monday TRYBUNA LUDU wrote that the governing coalition adhered to the principles agreed at the roundtable until the last moment. No one from their ranks presumed to score out candidates from Solidarity and the opposition. However, it is necessary to say with regret that a confrontationist campaign characterized the opposition party contrary to the moderate standpoint of Lech Walesa. "Score out everyone besides our own" was the slogan of the opposition and a lot of evidence of its implementation has come from areas of the whole country. "Someone said," writes TRYBUNA LUDU in conclusion, "that democracy is expensive. This is true, but regardless of the election results, the coalition is prepared to pay for it."

Jan Bisztyga, spokesman of the Polish United Workers Party [PZPR] Central Committee, appeared on Polish television on Monday evening on behalf of the governing coalition. Among other things, he said that the coalition forces in the country had made the decision to hold democratic elections in Poland and, at the same time, they are aware of the risk which such a form of elections brings. From preliminary information from the district commissions on Sunday's voting it appears that their result is not favorable for the coalition forces. Solidarity has achieved a decisive majority in the elections. However, I want to emphasize—said the spokesman further—that we will be consistent. This means that we are not considering any other political alternative. We will not step back from the road of the development of democracy and reforms. The results which the opposition has achieved must also bind it to co-responsibility for the state. Already before the elections W. Jaruzelski proposed the founding of a large coalition. The first step of the opposition in the direction of co-responsibility should also be its care and interest in order in the country. Should, however, disagreements and dissensions turn the situation in Poland into anarchy, democracy and peace in society will be seriously threatened. The guiding organs, the coalition, and the opposition must not allow such a situation to evolve, said the PZPR Central Committee spokesman.

Lenart 31 May Speech at Slusovice Aktiv Cited

AU0606144889 Prague RUDE PRAVO in Czech 1 Jun 89 p 3

["From the Speech" by Jozef Lenart, member of the Presidium and secretary of the CPCZ Central Committee, at a "nationwide aktiv on the application of the leading role of the party under the conditions of restructuring," held at Slusovice on 31 May: "Emphasis on Creative Abilities, Initiative, Courage, and Entrepreneurial Instincts"]

[Text] On the basis of a decision of the Communist Party of Czechoslovakia [CPCZ] Central Committee Secretariat, we have convened this nationwide aktiv of functionaries of party bodies and organizations to consult one another on the important question of the application of the leading role of the party in state enterprises, cooperatives, and other organizations under the conditions of full-fledged economic accountability, self-financing, and socialist entrepreneurship.

Our aktiv must be regarded as a constituent part of the intensifying preparations for the 18th CPCZ Congress and as a contribution to the great activity of our ranks. An important role always falls due to the congress as the party's highest agency and a key event in the life of society. The extraordinary mission of the party's forthcoming supreme deliberations is determined by the importance of the period in which we live. It is characterized by the historic struggle for the comprehensive enhancement of socialism, its qualitative renaissance, and a new, modern appeal, by a struggle, the creative

impulse for which was provided by the party of Soviet Communists. Proceeding from its own conditions and needs and drawing on this ideological charge, our party, too, outlined at its 17th congress the comprehensive line of restructuring and has been refining it since the seventh session of its Central Committee. Its aim is to involve our country in the global current of the scientific-technological revolution, to raise production forces and production relations to a qualitatively higher level, and to develop socialist democracy in the interest of the comprehensive activation of millions of working people, of citizens as the rulers and masters of their country. This resolution proceeds from the vital interests of the people and is aimed at a better satisfaction of society's material and spiritual needs.

The Gist and Aims of the Economic Reform

By way of introduction, allow me to make a few comments about the gist and the aims of the economic reform.

In particular, we want to stress its objective indispensability, which arises from the dialectic understanding of the relationship between production forces and production relations, the existing form of which has become a factor which, instead of encouraging the process of scientific-technical revolution, slows this process down. This is why the party vigorously raised the issue of changes in the sphere of production relations. This indispensability is accentuated by the fact that, under the conditions of a high level of employment and growing extraction and acquisition costs of energy and raw and processed materials, the path of extensive economic development is closed to our country once and for all. The intensive maximalization of natural resources and intellectual potentials has become the only alternative for Czechoslovakia. This is why the abandonment of centralized management by allocation, the transition to a new model based on effective combination of the plan and the market and on a substantial increase in the independence and responsibility of the enterprise sphere, and the application of economic methods of management were and are a task that cannot be postponed.

When we say that disharmony between production forces and production relations has become evident, we definitely do not mean that a revision of socialism should take place and that we ought to go back, as our adversaries interpret matters and as they wish them to be. Despite all the criticism that we make, the results in Czechoslovakia and in the socialist world as a whole give evidence in favor of socialist production relations, which have proved their worth and demonstrated their merits. On the other hand, however, the urgent need has arisen to see in a new way and to more effectively solve, on the basis of science and technology, the linkage between production forces and production relations. It is essential to bridge the split between man as manufacturer and man as proprietor and to overcome his certain degree of neutrality and tepidity. Hence, our aim in pursuing the economic reform is to bring into harmony the new character of production forces and socialist production relations on the basis of a revolutionary renaissance of the socialist ownership of the means of production. That is the core of restructuring, this is the aim toward which restructuring is essentially heading.

By implementing restructuring and economic reform, we are establishing systemic, material, organizational, moral, and psychological prerequisites for the revitalization and reinforcement of people's awareness and conduct as managers in their own house. In the spirit of an idea which Lenin used to stress, we want man to be an efficient worker, a level-headed manager, and a socially thinking citizen. We are adapting the economic mechanism to this end; the party's political, organizational, and educational work must also pursue this aim.

Let us now address the issue of relationship between the plan and the market. In the past, and also today, many people were and still are pitting the plan and the market against one another as if these categories ruled each other out or, quite to the contrary, they were and are giving priority to the market as the basic and all-powerful instrument for regulating the economy.

Yet the problem does not lie in the exclusiveness of either the plan or the market but both categories must be understood in unity and dialectically. We see the role of the plan as that of the basic instrument for recognizing the long-term and short-term needs of society. It must effectively react to people's needs, availing itself of modern methods of forecasting in variants and of optimization in basic trends of the development of production forces. The market, on the other hand, making use of marketing, must give boosts to socialist entrepreneurship, which can be successful only on the basis of modern planning. The socialist market will become more effective, the more profoundly the basic categories of planning—that is, value relations based on economic calculation and on prices proceeding from the social usefulness of products in comparison with the main world markets—will be recognized.

This is the only way to establish oneself on the demanding world markets and to introduce rational criteria into entrepreneurial activity and the conduct of business in our economy as well.

We must, however, get to know better commercial processes in the national economy and, proceeding from the needs of society, keep an eye on the interests of sellers and buyers. This means to economically stimulate and, consequently, rationalize the channels, through which products reach their fiscal destination as goods. This rationalization is necessary, in view of the large resources that are immobilized in excessive stocks.

Dialectic unity between the plan and the market cannot be ensured without a thorough knowledge of commodity-monetary relations and of the law of value and without the application of this knowledge in our practice. So far, these categories have not sufficiently entered our awareness. Admittedly, we loudly proclaim commodity-monetary relations. Our knowledge of their functioning is weak, however, and their utilization in practice is weaker still. Ideas about the existence and character of commodity production under socialism are often simplified by the presentation of the law of value as something which contradicts the planning principle. It arises from the merits of socialism that national economic planning, in close interaction with the corrective functions of the market, must overcome the unrestrained impact of this law but not the law itself. Its influence is something objective. We must, however, deepen knowledge about its influence in our specific conditions and use commodity-monetary relations for the benefit of socialism.

This means that, in fixing prices and in regulating them in a planned fashion, we must consistently proceed from purchasing prices on the main world markets. This is why we ascribe an important role to prices, calculations, wages, profit, credits, interest rates, and exchange rates.

By making broader use of commodity-monetary relations we are moving, in fact, from control by means of the koruna toward management by means of the koruna. From this it is necessary to draw the very categorical conclusion that money must not be cheap but expensive, more expensive than it is today. For money to serve as the criterion and expression of values, it is necessary to consistently enforce the principle of pay according to the work performed and to ponder not once but twice where to invest the koruna so that it yields the biggest possible return for society as a whole and individuals. And, along with this, in managing the economy we must attend to it in all sectors that the sum total of utility values grows faster than the sum total of money. This is also the prerequisite for the new economic mechanism to really make an impact—the market must prove to the working people that there is good pay to be had for good work, which it is possible to exchange for good and sought-after products. The party leadership has devised and develops the economic reform as an objectively warranted way of establishing prerequisites for higher living standards, and not as an uncontrolled movement toward an inflationary crisis affecting the working people, the citizens. We have gained enough experience of our own to consistently follow this line and to comply with it without deviations.

The success of restructuring is conditional on the good quality accomplishment of changes of principle in the activity of both the state legislative and executive bodies and the enterprise sphere.

As far as the national economic center is concerned, in harmony with the laws that have been or will yet be adopted we are asserting the principle that federal bodies and the bodies of the republics devise scientific-technical and structural concepts, energetically deal with the balance of the economy, and create demanding conditions for the successful operation of the economic sphere. An important political task of the center at present is to complete the legislative groundwork for the acceleration of restructuring effective from 1 January 1990.

First steps are being taken to rationalize the internal structure of central bodies, to adapt it to their new tasks arising from restructuring. The key issue, however, is to assimilate more effective methods of work, to use economic instruments and a rational style based on science and the revolutionary practice. This must also find its expression in the newly conceived preparation of the Ninth 5-Year Plan, proceeding from scientific forecasts and the long-term outlook, and in a more effective enforcement of qualitative changes in the economy.

The plan for 1990 must be prepared in harmony with the new law on national economic planning, which the Federal Assembly will discuss in a few days. The basic demands we place on the drafting of the plan in the new conditions are that the plan must be based on the new instruments of economic management, make broad use of normative rates and economic methods, and create scope for the meeting of national needs by providing incentives for entrepreneurial activity. At the same time, an evaluation is being prepared of the influence of the new prices, levies, and taxes on the income situation of organizations and the state budget in 1990. This evaluation will be used in drafting the state plan under the conditions of the new mechanism and to specify economic instruments, with the aim of minimizing the extent of exemptions, reliefs, subsidies, and redistributions.

When analyzing the deep-seated causes of the fact that the results so far have not been as we would wish them to be, we arrive at the conclusion that roughly the following tendencies are at work. Some people have succumbed to certain self-satisfaction from past results and do not see the need for a radical change. Characteristic of another group is its inconclusive critical attitude, its disbelief in the ability of socialism to come to terms with the demanding tasks. And there is also a third current, which sees the mistakes and weaknesses of today's practice, faces them head on and offensively, takes the path of ways out of critical situations, experiments, seeks and finds solutions, and produces results. This current is not yet predominant, but it is growing in strength and will grow in strength and the party and its bodies and organizations must be life and soul of this trend. We want and must put to use the abilities of everyone regardless of his party affiliation, world view, or past errors, of everyone who wants to contribute his share to the cause of restructuring.

I would like to stress that an acute need of these days is to unite the efforts of party bodies and organizations, of Communists in the management sphere and in labor

collectives, on specific steps of restructuring, on transforming life in its spirit. The newly elected enterprise managements and self-management bodies should deal in a very demanding and intensive way with the prospects and the strategy of labor collectives; they should make projections, consider, and calculate in what shape they will be from the beginning of next year under the new conditions of economic accountability and self-financing. It goes without saying that this must be done with the participation of central bodies, research institutes, and foreign trade organizations, on the basis of knowledge of markets at home and in the world, and so forth. There is still enough temporizing, marking time, and groping in this respect.

How a Modern Enterprise Should Function

Party bodies and organizations and the management sphere rightly consider and discuss the issue of how a modern enterprise should function, what its inner organism should look like, and what qualities it should have to live up to its economic and social mission and to hold its own in world competition. The question is also being asked what to start with, what needs to be done first for matters to go well and in the right direction. Orientation and suggestions are provided by the law on state enterprises, by the assimilation of the new economic mechanism, and by the inspiration lying in the creative use of Czechoslovak and world revolutionary practice.

The main and crucial thing is to recognize that, by its entrepreneurial activity, the enterprise must efficiently and economically satisfy the needs of society, provide for its own development, and, in accordance with its results, improve the social standing of the labor collective. Therein lies the marked increase in its independence, but also the enhancement of its responsibility, compared with the past. This responsibility lies in the plain truth that an enterprise must rely mainly on itself, that it must earn the resources for its development, that everything depends chiefly on its performance, cost-consciousness, and the quality of its products.

We see the qualitatively new standing of the labor collectives of enterprises and organizations in the development of their socialist entrepreneurship as an attribute of the economic mechanism. It is becoming clear to us that entrepreneurship as a creative activity and contest for the best possible results has its roots in the very nature of people. In the past, however, ruling circles always reserved entrepreneurial activity for themselves, developing it at the price of denying the people access to the means of production and turning them into hired labor. The historic mission of socialism is to activate all people toward socialist entrepreneurship, toward resourceful competition, toward living from their own efforts. When we speak about the path of socialist entrepreneurship, we are concerned with conscious and creative economic activity on the basis of socialist ownership, the unification of the interests of society, collectives, and individuals, and their harmonious work in the interest of the growth of society's productive power and a steadily improving satisfaction of material and spiritual needs.

Generally speaking, the essence of socialist entrepreneurship is such an initiative-filled and creative method of economic activity as makes it possible to make the most of labor and capital input and to multiply resources by the offensive search for, and creation of, promising and, as a rule, bold opportunities. The essence of socialist entrepreneurship is the courage to assume risk and bear the possible consequences in the interest of progress.

Where should we look for the criteria determining the success of our socialist entrepreneurship? Our economy is, and will increasingly be, involved in competition with the world and the yardsticks of entrepreneurial activity should therefore be comparable with the world. This is why our products must match those of leading world manufacturers—in terms of their utility value, quality, price, and the speed of delivery. For this to happen, it is necessary to know better the parameters of top-level products in individual branches in the world, to draw a comparison with them, and to seek ways of quickly moving closer to their standards and of surpassing them. Everywhere, we should look truth in the face, know how we are doing in world comparison, and create our own information systems to this end, as is the case, for instance, in Slusovice. In other words, we should not wait for someone else to provide us with this picture; having it is part of the basic orientation necessary for entrepreneurial activity. We must regard the world market as the arbiter and teacher of our entrepreneurial activity. The emphasis which we put on this should not be understood as mere exhortation and moral appeal. Enterprises and organizations must be prepared to face a demanding development, directed by prices that are determined by purchasing prices on the main world markets. Therefore, enterprises will increasingly be exposed to the rough winds of world competition and they must without delay draw conclusions from this for their entrepreneurial activity.

The restructuring of the economic mechanism presupposes that we make use of the advantages of the international division of labor with both the socialist and capitalist countries. Without the bold search for, and utilization of, new opportunities in cooperation in manufacturing, without the establishment of joint enterprises, design offices, and commercial organizations, and without the necessary extent of using advanced foreign licenses, Czechoslovak enterprises cannot succeed and their efforts will be to no avail. To the west of our border, a large single EC market is taking shape and we must be prepared for that. We in the socialist community, in CEMA, cannot and must not wait any longer, but must radically improve the mechanism of cooperation.

National economic plans and economic contracts must be coordinated in a new way and a modern, single socialist market within the CEMA framework must develop in a new way.

In order to establish ourselves more forcefully in world competition, we must more vigorously apply the results of scientific-technical development and assimilate the accomplishments of the scientific-technical revolution in production and in services. The Central Committee will soon review the implementation of the CPCZ Central Committee resolution on scientific-technical development in engineering and will adopt conclusions for the further course of action in these important sectors of the party's economic policy.

The time factor also relates to the slow innovation cycle of the range of our products. Compared with advanced countries in the world, this cycle is almost twice as long in our country. Moreover, we are perturbed by the fact that changes in the product range are mostly realized in the lower categories of innovation.

Great untapped possibilities for a higher generation of national income lie in the quality of products. The proportion of products rated as having high technical-economic standards, for example, represented 15 percent in 1985 and less than 14 percent last year. The highest quality level, the "Q" rating, which represents quality comparable with that of advanced manufacturers abroad, was achieved by fewer than 1 percent of rated products last year. The analyses of state testing laboratories indicate that our greatest weaknesses lie in the technical standard, workmanship, design, and service.

Also in capital investment we hazardously neglect, next to quality, the time factor. The heed given to resources that have long been tied up and immobilized is insufficient. At the same time, necessary expenditures realized quickly in investment projects—quickly by world standards—could yield return many times over in the form of profit if production started earlier and if it were reliable. It is not by coincidence that people say that he who gives promptly, helps twice as much.

The Working Man as the Manager

The question rightly arises—what needs to be done, how is one to proceed further for the new conditions for the conduct of business and socialist entrepreneurship to become a vital concern of labor collectives, for them to actively assimilate these conditions everywhere, for life to intensively pulsate in the spirit of what is new?

I would like to stress that we certainly consider this to be one of the cardinal problems. What matters simply is that the new conditions under which an enterprise begins to operate, including the market that will influence its operations, do not stay outside the factory gates or just among its head office staff but that they be thoughtfully transferred into the enterprise organism and its every cell—each plant, operational subdivision, workshop, and individual. Only by means of a system which suitably interlinks the interests of the enterprise with those of its subdivisions can we create material and organizational prerequisites for the goal and purpose of the reform to become everyone's concern.

The main thing we are concerned with is to begin implement the principle—a principle which, I would say, is sacred for our society today—that the working man is not mere manpower, a mere employee, but that he is the manager, co-owner, and, if you like, shareholder of common property. This should not be the case because the party and the government are saying so, because the radio, newspapers, and television repeat this, but because the working man himself, on the basis of his real status and innermost interest, recognizes and feels this.

There is no need to improvise and discover the unknown in implementing this principle, but it is necessary to draw inspiration and to learn from the experience of the Czechoslovak cooperative movement, through which thousands of our people have passed. The pay of members of cooperatives has always been determined by the overall value of the production generated and marketed by the cooperative and by everyone's share in the attained result. In other words, the member of a cooperative has always felt in his pocket what kind of a manager and entrepreneur his cooperative and he himself are. He participated in improved performance but he also bore the consequences of losses and setbacks. On this basis, and on the basis of the application of cooperative democracy, elements of a committed attitude toward work and toward shared property took shape and have been preserved. We want to implant this life-giving stimulus of symbiosis between the interests of the enterprise, its collectives, and every individual also into state, all-people's property. This means, aside from other things, that it is desirable, in the foreseeable future, to interlink the resources of enterprises, plants, and workshops and to increase—also with regard to the employees of state enterprises—the share of performance and profit-related component of wages and special compensations at the expense of the fixed, permanent component. This is particularly called-for with regard to the creative workforce of the pre-production stages—machine and project designers and those working in applied research.

It is in the interest of achieving this goal that we must improve and streamline management within enterprises and apply economic accountability to enterprise subdivisions.

At the beginning of May the CPCZ Central Committee organized a seminar on this topic, dedicated to the exchange of experience and views between practitioners and theorists with a view to becoming clear about the basic orientation. We agreed that it is necessary to

proceed with great initiative, not to wait for any guidelines, and also that it is impossible to apply a single model but that principles must be applied creatively, in accordance with specific conditions.

Which points of departure should we bear in mind in this process?

First and foremost, the fact that social ownership ceases to be anonymous, that not everyone is responsible for everything, but that a specific collective at a specific place is the holder of social ownership. This, however, is inconsistent with the situation in some enterprises where the poor results of workshops affect everyone and good results are reduced to a harmful average. It is therefore correct and expedient to share out the entire activity of enterprises and organizations among relatively independent economic centers which, using in-house prices, sell to and purchase from each other raw and processed materials and finished products.

In other words, there should not be any expenditures without a recipient in an enterprise and the contribution of enterprise subdivisions must be recorded, measured, and assessed. In the interest of this we must introduce order into norms and calculations and have qualified accounting and budgeting. These are, figuratively speaking, the basic cornerstones of restructuring the operations of enterprises and institutes and of raising their performance. We note that in the past even technicians and machine designers used to deal with production calculations in enterprises, that there used to be enterprise price lists and calculations, that accountants enjoyed great respect, that economic analyses and comparisons used to be carried out, and so forth. We must return to these approaches and modernize them with the help of organizational and computer technology.

Another key principle, as we have already stressed, is that reward for work must depend on the specific result of the center, workshop, operational division. The general performance of the enterprise as well as the contribution of the enterprise subdivision and individual merits should thus be projected into pay levels.

The incentives of enterprise subdivisions can be devised in various ways, not according to a single model—by comparing the inputs and outputs of workshops and operational divisions, by means of stake in the profit of enterprise subdivisions, but also by making fuller use of other forms of value relations.

The exercise of the great powers and responsibilities which enterprises are obtaining requires that these powers and responsibilities be decentralized and expediently delegated to specialized subdivisions.

Another aspect of the responsibility and incentives of these divisions, workshops, and operational units is the development of the self-management of their collectives. It can be said that, while the economic accountability of the enterprise is the foundation of self-management as such, the economic accountability of its subdivisions is the prerequisite of its authentic and full-fledged functioning. It is under the conditions of a small team in which people work and create that their feeling of material and moral responsibility for the resources entrusted into their hands, their interest in prosperity or, conversely, bankruptcy, and their active participation in management become particularly strong. These are prerequisites for overcoming passivity, tepidity, and the widespread petty bourgeois mentality marked by the well-known "mind your own business" and "that's no skin off your nose." Active, enterprising attitudes of the people must get our comprehensive support.

The socialist self-management of collectives—and this holds true for enterprise subdivisions as well—does not constitute anarchy and arbitrariness but should be accompanied by conscious and voluntary discipline, by the strict observance of order and economic, technical, safety, ecological, and ethical norms. The protection of common property against accidents, all kinds of wasteful practices, and unlawful appropriation, which some individuals cynically call "transposition," also definitely forms part of this. The self-management bodies should form, or represent themselves, some sort of self-defense systems so that, by reinforcing controls and order, they forestall various negative phenomena, in the spirit of the Letter of the CPCZ Central Committee Presidium. As far as self-management is concerned, it is possible to say, furthermore, that a politically mature collective not only elects its director but also places great demands on him and respects his directives in the interest of the plant's and the workshop's prosperity. This also applies to workshop heads and foremen.

We now badly need the relevant research institutes and establishments, as well as universities dealing with the issue of internal enterprise management, to develop consultancy services for enterprises and organizations, provide them with suitable schemes, and, within the framework of "ready-made" commercial services, help implement these systems in return for compensation pegged to the demonstrable effect.

Party Guidance of the Economy

Proceeding from the importance of internal enterprise management and from the conviction that an important factor at present is a more forceful implementation of the economic reform, the party's Central Committee is with great trust turning to party bodies and organizations, to communists in cooperatives, state enterprises, and other organizations, with the appeal that they use their authority and sedulousness to influence the economic managements with a view toward achieving progress in this area. We realize that achieving a breakthrough will not be easy, that we will have to overcome obstacles, misunderstandings, and conservatism. It is absolutely essential, in particular, to part ways with

egalitarianism, with various ceilings [definitiva] and deformations in remuneration according to work results. We, in Czechoslovakia, have been discussing the need to overcome these things for a long time. Now as the economic reform is crossing the gates of factories, institutes, and central bodies, the hour of truth has come and it is necessary to move over to deeds everywhere. We must act with the awareness that the revolutionary restructuring of society and economic reform are impossible without social justice, that progress is unthinkable without the consistent application of the principle of pay according to work done, which is a genetic feature of our society as a community of labor.

On the basis of progressive experience from the brigade-based method of organizing labor and remuneration and on the basis of examples of revolutionary practice in a number of collectives, we are confident that, by applying and developing effective internal enterprise management, we can arouse the interest and inner need of most labor collectives to achieve a turn in enforcing the socialist merit principle. General exhortations of central bodies and the restructuring of wage systems carried out thus far have not changed the situation. It is the democratic interest of collectives, coming from below, which can put this effort on a mass foundation and transform it into a movement that will provide it with strong assertive power and will yield results.

We are aware of the complexity of the current transitional period, in which many problems and difficulties need to be overcome. It is all the more essential that, in the spirit of the CPCZ Central Committee Secretariat's resolution on political and organizational provisions for the acceleration of restructuring, party bodies and organization give their support to new approaches, to search and experimentation and that, still in this period, they do the maximum for the good preparation of work collectives. We cannot rely on the automatic influence of economic instruments; we must not wait for stimuli to "physically" fall down on the heads of people, thereby compelling them to act in a new way. In preparing and capacitating collectives for restructuring we must work so that there are as few negative impacts as possible, so that restructuring is successful. We are saying so with the awareness that the party guidance of the economy must be rid of production and technological processes. However, this must not mean that we will be only spectators, observers from the outside. We must take full interest in the specific course of the economic reform and bring the desirable pressure to bear on the correct solution to key questions.

Let us create and introduce in the labor collectives an atmosphere of trust and confidence in one's own strengths. We are implementing restructuring and economic reform out of our needs and vital interests of the people and are doing so in a way and at a pace that conform with our conditions. We are not implementing it in order to be admired by someone, let alone for our adversaries abroad and at home, who are trying to pin labels on us and to slander us with the intention of unsettling the people and wrenching them off from restructuring. Instead of genuine problems, they are foisting pseudoproblems upon us. We reject demagogic judgments and prophecies. We have no choice other than restructuring and will therefore, while implementing it, take the set path resolutely and without marking time.

In implementing the tasks of restructuring it is necessary to reinforce the initiative and independence of communists as well as noncommunists in managerial positions, to assign to them key tasks, and to call them to account in the event of unsatisfactory results. From party members, in particular, we must demand high parameters of their managerial activity, compared with the world.

Today more than ever before it must hold true that the party as the revolutionary vanguard is not and cannot be above or aside from the masses, but that it must be their part and parcel in order to inspire the working people and to learn from them. Let the content and methods of our work as well as the will to shed the residues of the antiquated approach—which, to a lesser or greater extent, treated the working people as the object of our influence and not as its subject—correspond to this. This must be borne in mind in everyday life, in organizing public discussions, but also in organizing production, trade union, or other meetings. The managerial staffs must also proceed from this in their approaches. "People must know what is at stake, what is in store for them, and what it will bring them," stressed Comrade Jakes at the seventh session of the CPCZ Central Committee. "All the measures designed to improve democracy and develop socialist self-management are also aimed at this." Indeed, he who wants to work better today must consult the people and possess not so much strong vocal chords as a sensitive ear.

The Key Significance of Cadres

We have been used to characterizing the Leninist style of work as a symbiosis of revolutionary zeal and matter-of-factness. Today, this matter-of-factness should, first and foremost, take the form of "entrepreneurial spirit," which is a more adequate, comprehensive, and telling term. It is precisely these features—revolutionary zeal and entrepreneurial spirit—which accentuate our mission today, the ability to create, to enhance and enrich life, to look for the new, and not to become arrested in one's development.

In the interest of this aim, we must develop a fruitful internal life of organizations; form a comradely atmosphere, an atmosphere of criticism and self-criticism and a sensitive attitude toward each member; and help each member to feel the weight and great responsibility of his membership and give him the chance to realize himself. It is in this spirit that the relevant CPCZ Central Committee commission is devising the principles of the new draft statutes, which will be approved by the 18th

congress. They should emphasize the role of party members in formulating and implementing party policy and their rights and duties. They accentuate the full utilization of the life-giving principles of the CPCZ and of what we call the great comradely spirit of our combative alliance. We must creatively develop democratic centralism, which presupposes keen activity, discussions, confrontations of views, and creative arguments resulting in joint decisions and, on their basis, in the unanimity of will and action. This is the only path leading to the revolutionary transformation of practical life.

In the light of the goals and transformations which we pursue by means of the economic reform, we also see the key significance of cadres and of the party's cadre work in particular. Party bodies and organizations could now contribute toward senior managers rallying around themselves staffs of competent people with broad horizons and capable of guiding people toward the accomplishment of new tasks and toward prosperity. It is necessary to be bolder in promoting young, qualified experts, not to be jealous of them, to give them confidence. At the same time we must support those who have proven their worth already and who want to learn and perfect themselves under the new conditions "as they go along."

Which considerations and criteria should be applied today? First and foremost, the determination and ability of the manager concerned to assume responsibility and provide for his collective's long-term development; his determination and ability not to wait for the center to bring about a change in the situation and not to hide behind its back—by using, for example, the justification that the long-term concept has not yet been drawn up—but to courageously tackle problems, discover and create new resources, and take healthy business risks.

With its program of revolutionary restructuring our party expresses the interests of the working people and shows them the way toward a new ascendancy of the economy and the living standards, toward the country's elevation.

We have the prerequisites to achieve these goals. These lie in the determination and abilities of our people; in their qualifications and professional prowess; in the traditions of high quality, skillful, solid workmanship, which can and must become our capital again.

Everything we are doing is aimed at opening the doors wide for the assertion of these qualities, at creating a previously unparalleled scope for their maximalization for the benefit of collectives and society.

The main thing is for our party and its bodies and organizations to muster enough courage and strength and take the lead in these revolutionary processes in enterprises, institutes, and cooperatives, under the conditions of districts, regions, and the state as a whole, so that everywhere they provide the correct stimulae and correct orientation.

Lenart Chairs Party Session on Foreign Contacts
AU0706134489 Prague RUDE PRAVO in Czech 6 Jun 89 p 2

["(z)"-signed report: "Commission of the Central Committee of the Czechoslovak Communist Party"]

[Text] Prague—The Foreign Policy Commission of the Central Committee of the Czechoslovak Communist Party discussed at its Monday [5 June] session issues linked with the development of CSSR's relations with the developed capitalist states. It was also briefed on the course of negotiations at the Information Forum in London and on its results, as well as on the preparation and opening of the Conference on the Human Dimension of the CSCE in Paris.

On the basis of a discussion, specific recommendations were adopted on the materials considered.

The session was chaired by Comrade Jozef Lenart.

Jakes Receives Soviet Envoy for Talks 7 Jun
LD0706204889 Prague Domestic Service in Slovak 1400 GMT 7 Jun 89

[Text] Milos Jakes, general secretary of the Czechoslovak Communist Party Central Committee, today received Viktor Lomakin, Soviet ambassador to Czechoslovakia. They discussed the development of cooperation between the two countries. Viktor Lomakin also reported on the course of the Congress of People's Deputies and the progress of restructuring in the Soviet Union.

Jakes Speaks at Meeting on Security, Justice
LD0706200489 Prague CTK in English 1742 GMT 6 Jun 89

[Text] Prague June 6 (CTK)—Consistent observance of laws and other legal regulations, strengthening discipline and further deepening of citizens' guarantees and protection of their legal rights are an inseparable part of the work of state bodies and lawyers in the process of restructuring, Rudolf Hegenbart said here today.

The head of a Czechoslovak Communist Party Central Committee department was addressing a national meeting of leading representatives of security bodies, public prosecution, courts, lawyers and economic arbitration bodies which discussed topical tasks of the coordination of their activity in strengthening socialist lawfulness in the period of economic and social restructuring and deepening socialist democracy.

The opening address was delivered by Communist Party General Secretary Milos Jakes.

Rudolf Hegenbart in his address further stressed that nothing can diminish the responsibility for violation of the socialist system, socialist ownership and endangering of security of people and their property. In this connection he pointed out that it is impossible to passively watch the activation of forces whose aims and political orientation lies beyond the sphere delimitated by socialist pluralism and which enforce, especially upon young and politically immature people, an idea that social problems can be solved only by abandoning the road of socialist construction. Both within the Communist Party and among the public demands are increasing for more effective conclusions from failure to implement the set tasks in the sphere of economic policy. Critical voices are also prevailing both in the party and the public addressed to those who stand against the socialist system, Rudolf Hegenbart said. He added that Czechoslovakia is an advanced socialist state with rich culture, which originated thanks to the maturity and abilities of the Czechoslovak people, and has nothing in common with chaos, lack of principles, with street meetings aimed at subverting peaceful construction.

In another part of his address the party official centred on some unfavourable social phenomena of which criminal activity is the most serious one. He appreciated the fact that its growth has been halted, that the development of the deliquency of children and youth is being positively influenced, that Czechoslovak society is not threatened by organized forms of criminal activity, and that there do not exist criminal acts against peace and humanity.

Contract on Joint Venture With Bulgaria Signed

AU0806113389 Prague RUDE PRAVO in Czech 6 Jun 89 p 1

[Josef Vlcek report: "Comprehensive Services in Computer Technology; Joint Czechoslovak-Bulgarian Enterprise Called Tesos"]

[Text] Prague (by our reporter)—The contract on the founding of Tesos, a joint Czechoslovak-Bulgarian enterprise, was signed in Prague on Monday [5 June] in the presence of Pavol Hrivnak, CSSR first deputy premier and chairman of the State Commission for Scientific-Technical and Investment Development, and Stoyan Ovcharov, minister of planning and economy of the Peoples Republic of Bulgaria.

The Tesos (i.e. Technical Software Systems) is a joint stock company; three of the stock-holders come from the CSSR, and two from Bulgaria. The Data System State Enterprise in Bratislava, Orgaprojekt Prague, and the Svetom Production Cooperative in Velke Rovne jointly own 50 percent of the stock; the other 50 percent is held by Bulgaria's Pravets Microprocessor Systems State Firm, or else by its two technological combines—the national program and project fund Sofia and the completion and programming technical services Sofia.

The main task of the joint enterprise will be to intensify socialist economic integration by further developing specialization and cooperation, while simultaneously making effective use of computer technology in the CSSR, Bulgaria, and also third countries. In particular, Tesos is to help implement the best techniques and technologies in the automation of national economy and provide comprehensive services in the sphere of computer technology, including computer programs.

The basic capital of the joint enterprise amounts to Kcs10 million; its headquarters will be in Bratislava and it will also have branches in Prague and Sofia.

Jan Janik, Delegation Depart for Iraq 4 Jun

AU0706145689 Bratislava PRAVDA in Slovak 5 Jun 89 p 2

[Report in the "Briefly From Home" column]

[Text] A delegation from the CSSR Federal Assembly, headed by Jan Janik, deputy chairman of the CSSR Federal Assembly and chairman of the Chamber of Nations, yesterday departed from Prague on a visit to the Republic of Iraq. At Ruzyne Airport in Prague, Vladimir Vedra, deputy chairman of the CSSR Federal Assembly and chairman of the Chamber of People, bade farewell to the members of the delegation.

Party Congratulations Sent to Seychelles

AU0706154189 Prague RUDE PRAVO in Czech 6 Jun 89 p 2

["(z)"-signed report in the "Receptions, Negotiations, Telegrams, Letters" column]

[Text] Prague—The Central Committee of the Czechoslovak Communist Party sent the Central Committee of the Seychelles People's Progressive Front a congratulatory telegram on the 25th anniversary of its foundation. The party was founded on 5 June 1964 as the "Seychelles People's United Party;" in 1977 it seized power and is now leading the country along the progressive road toward the consolidation of national independence and the development of its economy.

MLADA FRONTA Inducts New Chief Editor

AU0706163889 Prague MLADA FRONTA in Czech 3 Jun 89 p 1

["MF"-signed report: "Change in the Leadership of the Daily MLADA FRONTA"]

[Text] In the presence of J. Jenik, head of a Communist Party of Czechoslovakia [CPCZ] Central Committee department, V. Mohorita, member of the CPCZ Central Committee Secretariat and chairman of the Socialist Youth Union [SSM] Central Committee, inducted Miroslava Mouckova into the post of chief editor of the SSM Central Committee daily MLADA FRONTA yesterday. On this occasion he conveyed thanks to Ctirad Frcka, chief editor until now, for his many years of work in the youth movement and presented to him the highest SSM award—honorary SSM membership. The ceremony was attended by Z. Tesarova and J. Janosovsky, deputy chairmen of the SSM Central Committee; H. Entlerova, secretary of the SSM Central Committee; M. Koskova, director of the MLADA FRONTA publishing enterprise; and leading members of the MLADA FRONTA editorial staff.

People's Chamber Statement on Beijing Situation
LD0806094689 East Berlin ADN International Service in German 0906 GMT 08 Jun 89

[Statement of the People's Chamber of the GDR on the current events in the PRC—ADN headline]

[Text] Berlin (ADN)—At its meeting on Thursday, the People's Chamber of the GDR unanimously adopted the following statement on the current events in the People's Republic of China:

The GDR and the PRC are linked together by friendly and fraternal relations. Both states are due to celebrate the 40th anniversary of their founding in October. The deputies of the People's Chamber note that in the present situation the political solution of internal problems which the party and state leadership of the PRC are persistently trying to achieve has been thwarted as a result of the violent, bloody excesses of forces hostile to the Constitution. As a result, the people's power saw itself forced to restore order and security by the use of armed forces. Regrettably, numerous people were injured and even killed in the course of events. The people's chamber of the GDR regards the events in Beijing exclusively as an internal affair of the PRC and rejects any foreign interference. The deputies of the highest representative body in the GDR express their firm conviction that the party and state leadership of the PRC in close alliance with the people, is taking those steps which will serve to solve the problems and promote the further advance of the fraternal Chinese people on the path of socialism freely chosen 40 years ago.

[Signed] The People's Chamber of the German Democratic Republic

The deputy of the Socialist Unity Party of Germany parliamentary group, Ernst Timm, proposed to the People's Chamber that they should endorse a statement on current events in the PRC, which he then read out. After People's Chamber President Horst Sindermann had ascertained the approval of all the deputies, he put forward the proposal to convey greetings of solidarity to the standing committee of the PRC National People's Congress.

Shevardnadze, Not Gorbachev To Meet Honecker
AU0706145389 Hamburg DIE WELT in German 7 Jun 89 p 10

["DW." report: "Gorbachev Rebuffs Honecker"]

[Text] Bonn—Before Soviet state leader Gorbachev's visit to Bonn, there will be no meeting between Socialist Unity Party [SED] leader Honecker and the CPSU general secretary, as demanded by East Berlin. Honecker has to content himself with Soviet Foreign Minister Shevardnadze's visit next weekend.

According to information from diplomatic circles in East Berlin, Shevardnadze has apparently been ordered to get Honecker used to the idea of the trip to the FRG, which is viewed with uneasiness by the SED. In this context, he is to prepare the SED leader beforehand for Gorbachev's remarks on Soviet policy toward Germany.

Bahr, disarmament expert of the Social Democratic Party of Germany, has called on Chancellor Kohl to discuss the elimination of warheads for nuclear artillery during his meeting with the Kremlin leader. Bahr pointed out that NATO did not make a clear statement on nuclear artillery in its overall concept adopted in Brussels. Now the FRG has to use this scope for action in the Germans' interest. Moreover, Bahr suggested the preparation of the foundation of a pan-European disarmament agency as soon as possible.

In an open letter, the community of former political prisoners, the Association of the Victims of Stalinism (VOS), has called on the Soviet party leader to apologize to Stalin's numerous German victims during his visit to the FRG.

People's Chamber Delegation Concludes Bonn Talks
AU0606140089 East Berlin NEUES DEUTSCHLAND in German 3-4 Jun 89 p 5

[ADN report: "Continuation of Talks Useful for Both Sides"]

[Text] Bonn (ADN)—On Friday [2 June] in Bonn deputies of the GDR People's Chamber and the FRG Bundestag concurrently came out in favor of continuing the talks between parliamentarians from both German states and of normalizing relations between their parliaments. At a press conference at the conclusion of the visit of a delegation of the People's Chamber Agriculture, Foodstuffs, and Forestry Committee, which visited the FRG at the invitation of the Bundestag group of the Socialist Party of Germany [SPD], the parliamentarians also pointed out that the current possibilities for cooperation in the interest of political dialogue have not yet been exhausted by far.

Michael Koplanski (Democratic Peasants' Party), chairman of the People's Chamber Committee, stressed that his delegation was able to hold interesting and frank talks with politicians and farmers in the FRG. He recalled that the visit took place a few days after Erich Honecker's latest meeting with Hans-Jochen Vogel. At the initiative of the two parties, much has been done to implement the principle of establishing good-neighborly relations, which is anchored in the Basic Law.

SPD Bundestag Deputy Horst Sielaff recalled the numerous meetings between deputies from the two parliaments. He emphatically spoke up in favor of pushing ahead the assumption of official contacts between the People's Chamber and the Bundestag.

At the beginning of their visit, the GDR parliamentarians were welcomed by Bundestag President Rita Suessmuth and received by Bundestag Vice Presdiient Heinz Westphal for an extensive exchange of views. Ambassador Horst Neubauer, head of the GDR's Permanent Mission in the FRG, gave a reception for the People's Chamber delegation on Friday, which was also attended by many Bundestag deputies.

1991-95 Plan Coordination With CSSR Discussed

AU0206151089 East Berlin NEUES DEUTSCHLAND in German 31 May 89 p 3

[ADN report: "Coordination of 1991-95 Plans With CSSR"]

[Text] Prague (ADN)—On Tuesday [30 May] discussions about the further development of deepening of economic and scientific-technological cooperation between the GDR and the CSSR began in Prague. They are chaired by Gerhard Schuerer, candidate member of the Central Committee of the Socialist Unity Party of Germany [SED], deputy chairman of the Council of Ministers, and chairman of the GDR State Planning Commission, and by Bohumil Urban, member of the Central Committee of the Czechoslovak Communist Party [CPCZ], first deputy chairman of the government, and chairman of the CSSR State Planning Commission.

Proceeding from the basic agreements between Erich Honecker, general secretary of the SED Central Committee, and Milos Jakes, general secretary of the CPCZ Central Committee of March 1988 and May 1989 as well as the long-term program of economic and scientific-technological cooperation through the year 2000, the coordination of the plans for 1991-95 is the focus of the talks.

The chairmen of the central planning organs assessed the steady implementation of the bilateral government agreements and ministerial agreements, which is reflected in stable trade, as a good starting position for this. With the tested cooperation in research and production good foundations have been established to intensively use the existing potential in both countries also during the 1991-95 period.

Measures were discussed to implement the agreements recently concluded by the premiers of the two countries for the accelerated realization of the cooperation projects in pace-making branches, such as microelectronics, machine tool, textile machinery, and agricultural machinery construction, and in chemical industry. Actively included in this work are the ministries, combines, enterprises, and scientific institutions of the GDR and their CSSR partners.

Gerhard Schuerer and Bohumil Urban held an extensive exchange of views on questions of the development of management and planning in the national economies of the GDR and the CSSR.

The meeting was attended by Klaus Stubenrauch, state secretary in the GDR Ministry of Science and Technology, and other personages from both countries.

Several Detained in Election Fraud Protest

LD0706170589 Hamburg DPA in German 1609 GMT 7 Jun 89

[Text] East Berlin (DPA)—Numerous citizens were either led away or temporarily detained by police and security forces in East Berlin this afternoon, apparently because protest actions in connection with the local elections were feared. A large presence of uniformed and plainclothed forces barred the path of many pedestrians and some journalists on streets near the State Council building and the consistory of the Berlin-Brandenburg Evangelical church.

According to eyewitness reports, at least 10 people were led away near the consistory, and near the State Council building about 20 young people were stopped and put on a bus. Some television teams were hampered in their work when plainclothed policemen put their hand in front of camera lenses.

In the consistory courtyard about 100 people gathered to discuss a protest resolution and future strategy after friends and acquaintances were prevented from reaching the building because of the police measures. The security forces, who wanted to prevent a procession of demonstrators to the State Council building, agreed with consistory members to allow the predominantly young people to leave in small groups. The latter, including members of church- affiliated peace and environmental groups, then proceeded to St. Sophia Church, which is to be opened for a joint discussion this evening.

In a statement to the GDR State Council, which was to have been handed in at the State Council building, a group of "GDR citizens of voting age" state that election fraud occurred in various places in the 7 May local elections. A statement made yesterday by the Evangelical church leadership was also read out and supported in the courtyard. It advocates a change in the election system and expresses concern about "the observed discrepancies in evaluating" the local elections. Young people held up an "urn" inscribed "here lies democracy" in the courtyard. Pastors said they thought that there should be no protest march from the consistory to the State Council in order to avoid possible arrests en route. Eyewitnesses estimate that several hundred securty officers were present.

Reaction to Continuing Violence in China Reported

Paper Notes 'Terrible Tragedy'

AU0706172489 Budapest NEPSZABADSAG in Hungarian 5 Jun 89 p 2

["V.P."-signed article: "Tragedy on the Square"]

[Text] The television images coming from Beijing are causing indescribable astonishment: Everything that happened in the Square of Heavenly Peace in Beijing is a terrible tragedy. Those who are friends of the Chinese people and of Chinese socialism—and we are such unconditional friends—feel particular pain when reading the lines rapidly typed out on paper by cold machines: concerning students who had been shot, a little girl of 7 who was killed, and armored vehicles set ablaze by gasoline bombs. This tragedy took place in a country where the leaders were among the first to take the road of reforms, accepting by this the political handling of all the conflicts that accompany the elimination of the old model. China has made great progress on the road of reform and peaceful development: It could boast an unparalleled increase in its international prestige. And now—an order to shoot in the square. Although it is just a tiny part of China, this square is a symbol of this country, just like Red Square for the Soviet Union, or the square in front of the Hungarian Parliament for Hungary, a square that has seen a lot.

We do not know the details. We do not know who decided on what and when—and why—before giving the fatal order to shoot. Nor could we be aware of the role of this decision itself in the final bloody event or of the role of inertia in these events. There are still many unknown factors, but we cannot wait in expressing our horror. Our own history taught us that neither justice nor solutions emerge from gun barrels. Only death comes from gun barrels.

Words wear thin on this deeply dramatic Sunday. Perhaps we can say as much: China, which is very far away, is today very close. Our thoughts are there on the square where, now, when we are writing these lines, there is deep night. We are waiting for the dawn.

Editorial Comments

AU0706202189 Budapest MAGYAR NEMZET in Hungarian 5 Jun 89 p 1

[Editorial by foreign affairs correspondent Tibor Varkonyi: "The Drama in Beijing"]

[Text] "We can afford to let a little blood flow." The world newspapers quoted this declaration by Deng Xiaoping a week ago, and one has to admit that, at the time, this seemed unbelievable. However, the recent dramatic weekend in Beijing unfortunately proved it to be tragic reality. As a result of the news blackout, nobody knows the exact number of victims of the salvos fired. Several hundred? Or several thousand? Mourning is justified even if there is only one victim because the Army's action extinguished not only young lives but also hope, even if one could have guessed from some threatening signs and previous declarations and observations that we could expect the worst. One of the most alarming statements was made by Premier Li Peng, who said that everything that had been taking place in the Tiananmen Square for the last month was caused by foreign incitement. The Chinese premier blamed United States' "activity that incites and interferes" for the mass demonstrations and considered investigating the matter. The recently uncovered details of Hungary's recent past have shown the serious sins that derive from applying final retaliation against political opponents labelled as "agents of foreign powers." We can count the number of victims of blind condemnation in the international communist movement in millions, and now we must also add to this the defenseless people killed in the center of the Chinese capital city.

The other quotation that appeared in the SOUTH CHINA MORNING POST published in Hong Kong further strengthened the justified fear. According to this, Deng Xiaoping mentioned not only the Western centers but also Poland, Yugoslavia, Hungary, and the Soviet Union as foreign factors of influence. Certain Eastern European capitals can rejoice for the great ally they have found. The recent events question not only the wisdom of this analysis, but also whether the author has thoroughly considered every consequence of his declaration. Is he certain that peace will be restored after the shots have been fired, and if fear restores calm for the short term, what will happen later? A sober-minded analyst would not forget where the Maoist period had led China, nor would he forget that only 3 years ago the student demonstrations of 1986 gave a warning, and obviously their quick repetition was not accidental.

Obviously the students were not particularly tactful when, already aware of the lost cause, they set up a styrofoam copy of New York's Statute of Liberty in Tiananmen Square as a seemingly provocative action. However, on the one hand, one cannot expect 20-year-old people to behave as calmly as 80-year-old people (it sometimes seems that we cannot expect this even from very old men); on the other hand, the image in the background of this display of bitterness deserved more understanding. Presumably, the young people had no intention whatsoever of presenting Reagan's conservatism or monopolistic America as an example, but they did think of the 200 year-old ideas that had led the pioneers and the fighters for ideal bourgeois freedom, ideas that the creators of Europe's reformist socialism are today listing among the universal human values.

There are opinions here in Hungary according to which it is easy to judge the upheavals of an empire 10,000 km away, but it is difficult to control a continent-size country with a population that exceeds 1 billion people. There is some truth in this. However, there are more serious

truths, too. China is facing much greater challenges than the small countries of central Europe. One after the other, the "small tigers" surrounding China emerged from the Asian jungle and gained international economic influence in a short time and with a much smaller population. Earlier, the leadership in Beijing wisely recognized this development by courageously declaring a reform which was implemented with determination. Hopefully now they do not have the conservative idea that a strong dictatorial regime, like the South Korean regime is occasionally or the one in more distant Chile, is sufficient in order to get economic blessing and one can disregard democracy. The current common problems clearly show that it is a big problem if the economy is paralyzed, incapable of advancing, and seems to be unable to renew itself; but it is a similarly big problem if the fledging and therefore unstable prosperity is not accompanied by the freedom of democracy. Nothing can work separately, only together.

The example of Hungary's recent past shows that, in most cases, old age can also be a bad advisor. Figures like Churchill, De Gaulle, and Adenauer are special cases, but often rich experience was accompanied by mental sclerosis, rather than by desirable wisdom. The declining and pitiful Mao Zedong could remind the people of this in China. Today, we are more inclined to think that the removal of the former party general secretary, Hu Yaobang, following the student revolts of 1986 was not a tactical compromise to ease conservatism but a determined conviction, and the current fall from grace of Zhao Ziyang is a logical consequence. Deng Xiaoping wanted economic reforms and courageously implemented them, but he does not want social and political mobility and he sticks to rule by the elite of a corrupt and alienated party state. The lesson is valid for him, too, namely that it is wiser for a really great statesman to retire at the peak of his successes and popularity than to keep postponing the change in power, something that makes him forget the really historical achievement of eliminating Maoism in China.

China is in mourning, and one can hardly believe that following the violence everything will develop as if nothing had happened. Hungary also had its share of consolidation following the removal of Rakosism, but one cannot forget the price even today, after 34 years. China's conditions are more difficult. As it is in every similar country with a rapidly increasing population, the decisive majority of the Chinese population of 1.1 billion is quite young, somewhere between 20 and 30 years of age, and its demands will continue to radicalize rather than diminish. They will hardly forget the victims of early June 1989.

Public Officials Interviewed

AU0806101489 Budapest NEPSZABADSAG in Hungarian 6 Jun 89 p 3

["f.gy.a."-signed report on interview with four public figures on events in Beijing: "What Is the Lesson of Tiananmen Square?—Hungarian Opinions About the Events"]

[Text] Press agency reports from Beijing talk about several hundred or several thousand civilian victims. The official goal was to create order; but what kind of "order" can be created by tanks and bullets? There are many people who, listening to these news items and these arguments anxiously ask themselves the following question: What message is being conveyed to us from Tiananmen Square today?

Peter Polonyi, scientific researcher at the Institute of Social Sciences of the Hungarian Socialist Workers Party [MSZMP] Central Committee:

"In my opinion, the two wings of the Chinese party clashed with each other, the moderates with the radical reform forces. Until now, we believed that both wings wanted reforms and only differed in their methods. However, the fact that things have degenerated to this extent shows that this is more than mere differences in methods. This is not a method, and I am convinced that, as a result, China has come to the beginning of a long-term crisis."

[Question] What effects could these events have on our development efforts?

[Polonyi] Let us begin with our influence on developments in the PRC. In my view, the changes in Eastern Europe, our advances and uncertainties had a blocking effect on the Chinese reforms. However, I do not think that this is valid the other way around. Tiananmen Square cannot be an example for our "hard liners." However, these events should also urge us to keep cool, and we should neither stop nor accelerate too much.

Pal Vastagh, member of the MSZMP Politburo and first secretary of the Csongrad County party committee:

"We have what to fear even if we disregard the Beijing events. We must fear that our events could lead to anarchy or turn in that direction. However, we do not have to fear the possibility of military interference like that carried out in Tiananmen Square. Our party and state leadership would not initiate such action, and nobody would give the order to fire."

[Question] However, many people fear—and perhaps not without grounds—that the forces of regression in Hungary have found an example, and they could even copy this example in the last resort.

[Vastagh] This road should not be followed by anyone. In the current international atmosphere, such a solution here in Europe is not viable. However, it is the responsibility of all the participants in domestic political life to avoid this. I think these events have caused sadness and shock to many of us. The lesson for all of us is that we should only support a policy that is realistic and is based on a sober mind."

Ottilia Solt, member of the Council of the Association of Free Democrats:

"I hope that the events on Tiananmen Square in Beijing do not carry direct messages for us, particularly because our conditions are totally different from the ones prevailing in China. In my view, almost every socialist country in europe has already experienced what is now happening in China. For example, Hungary experienced this on 25 October 1956 and following 4 November 1956; but I could also mention the example of Poland, or Brasso [demonstrations in Brasov, Romania] or Georgia, if you want more recent examples.

"Our situation is now much more flexible than in China. Of course, this is no vaccine against the "forces that favor order." In Hungary, the precondition for political solution is that the Communist Party should also give up the possibility of using force. As a first step, it should condemn the CPC, just like the Italian Communist Party did."

Geza Kotai, member of the MSZMP Central Committee and head of the International Relations Department:

"I think it is unacceptable to use such means to decide on the competition of leaders; this is a tragedy."

[Question] Will the MSZMP lodge a protest in any form with the CPC?

[Kotai] We do not yet have enough information to evaluate the situation precisely, although, I think, we have to accept the massacre of Sunday night as a fact. In any case, as soon as we have more detailed information, we will openly determine our reaction to the events in Beijing."

Diplomats, Businessmen Depart Beijing

LD0706133889 Budapest Domestic Service in Hungarian 1000 GMT 7 Jun 89

[Text] The families of Hungarian diplomats and businessmen working in Beijing have left for home. The 22 people are to arrive back in Budapest via Copenhagen, on a Scandinavian Airways flight.

There are at present 18 Hungarian students staying in the Hungarian Embassy in the Chinese capital. They, too, will leave Beijing in a few days. The representation is now trying to arrange for them to be able to take their second semester exams in September. The five Hungarian university students in Shanghai, and the four in Tianjin will probably go home, too.

There is no talk however, at the moment, of reducing the number of diplomats in the Hungarian Embassy, all the more because in these days they have much more work than usual.

Grosz Condemns Use of Force

LD0706150689 Budapest Domestic Service in Hungarian 1400 GMT 7 Jun 89

[Text] Karoly Grosz, Hungarian Socialist Workers Party general secretary, has declared in connection with China that his party leadership and membership profoundly condemns force, fratricidal war. As he said, social, political, and power crises cannot be solved with weapons.

Grosz 'Shocked' by 'Tragedy'

LD0706164989 Budapest MTI in English 1458 GMT 7 Jun 89

[Text] Budapest, June 7 (MTI)—Karoly Grosz, HSWP [Hungarian Socialist Workers Party] general secretary, has issued a statement on the events in China to the Hungarian news agency (MTI). He said:

The tragedy in China has shocked HSWP member and Hungarian society as a whole. The HSWP leadership is following events in China with attention and anxiety. Since the position is so contradictory and hard to survey, it is as yet impossible to analyse it in detail. It is to be feared, however, that the bloody events have broken the Chinese reform processes that entailed both tension and major successes in the past ten years. The latest events, however, make it possible to draw certain conclusions that coincide with our previous experience.

On behalf of the leadership and members of the HSWP, I firmly declare that we deeply condemn violence and fratricidal war. These methods have nothing to do with socialism. Force of weapons cannot serve as a means of settling social, political or power conflicts. Obviously, the only way to a satisfactory, long-term settlement is peaceful dialogue, social agreement and consensus. We feel justified in our conviction that the policy of transformation, democratization and reforms must be extended to all fields of life and continued in a consistent, balanced way.

I should like to emphasize our deep sympathy with the Chinese people and Chinese Communists, who are bleeding from many wounds. I sincerely hope that soberminedness will prevail and people return to peaceful construction work as soon as possible. I hope very much that the wounds will be healed, especially since I know what is happening there is not only the drama of the Chinese people: Its effects are felt far beyond the borders of China.

We, the HSWP members, sincerely hope that Hungarian-Chinese friendship, rebuilt with so much effort on both sides, will not be a victim of these tragic days, and that our successfully-developing ties will be preserved.

Demonstration Under Way

LD0806064289 Budapest Domestic Service in Hungarian 1630 GMT 7 Jun 89

[Text] [Announcer] A demonstration is under way in Budapest. It was ogranized by the Federation of Young Democrats and started at 1700. Our reporter, Zsuzsa Kun, reports from in front of the Chinese Embassy building.

[Kun] An opening speech, a poem, the lighting of candles, and finally a petition to be submitted to the Chinese ambassador. This is the agenda of the demonstration. I have the text of the petition in my hand. Allow me to quote a few sentences from it:

We, the members of the Federation of Young Democrats, who have been following the peaceful but determined fight of the Chinese students for human rights with anxious confidence, we, who ourselves fight for constitutional democracy in a crumbling communist dictatorship, are profoundly shaken by the news that the conservative, militarist wing of your leadership, which has grabbed power for itself, pushing aside leaders who think more sensibly, and in the interest of their own narrow-minded purposes and guided by sheer fear for their position, has ordered the shooting of a peaceful, unarmed crowd.

The opening speech has just finished and it was received with enthusiastic applause. Several hundred, perhaps several thousands of people are present. But I will continue reading the text of the petition: The act committed by your faceless leadership is a crime. It is impossible to move in front of the building. Naturally, the building is protected by a police cordon. It is forbidden even to step on to the sidewalk. I have managed to speak to one of the embassy secretaries but he did not give any opinion about either the Beijing events the Hungarian demonstrations. The organizers do not know yet how the demonstration is going to proceed or when is it going to finish. I hope it will end just as peacefully as it started and as it is going on at the moment.

[Announcer] The Hungarian Government has expressed its deep worry in a communique regarding the events in China, emphasizing, however, that it has no intention of interfering in that country's internal affairs.

At the same time, the government confirms its positiion that respect for general and fundamental human rights is a mutual affair and the international responsibility of all of us. Therefore, it cannot be an exclusive internal affair of any country.

Our shock regarding the tragic events is only increased by the fact that they are happenning in a friendly socialist country which has pledged itself to the modernization of society, to democratic development and reforms.

The Hungarian Government sincerely hopes that the Chinese crisis will finally be solved and that the continuing political reform will create the possibility for the further advancement of the country.

Pozsgay Anticipates Implementation of Change

AU0706121489 Hamburg DIE WELT in German 7 Jun 89 p 10

[Carl G. Stroehm report: "Pozsgay: There Will Be a Change in Hungary in Any Event"]

[Excerpt] Budapest—The bloody events in Beijing have increased the concerns of the reformers among the Hungarian Communists and of the opposition groups that something similar might also happen in Hungary. Answering a question asked by the Budapest magazine KEPES of whether there is an impending danger from those forces "who are even ready to defend their privileges and the past with weapons in their hands," Politburo member and State Minister Imre Pozsgay stated: "This is conceivable."

"Hungary wants the change," Pozsgay continued. This change will either be brought about by peaceful means—that is, by a real national consensus—or without it. However, the country will also implement the change if the latter happens. But then it will come to "tragedies," Pozsgay stated. [passage omitted]

Grosz Meets With Israeli Bank Leumi Chairman

TA0706125089 Jerusalem Domestic Service in Hebrew 1200 GMT 7 Jun 89

[Text] Moshe Zanbar, the chairman of Bank Leumi's Board of Directors, met with Karoly Grosz, the general secretary of the Hungarian Communist Party in Budapest.

The meeting was also attended by Ze'ev Ben-Tzur, the secretary of the Public Committee for the Preservation of the Heritage of Hungarian Jewry.

No information was given regarding the issues discussed during the meeting.

Military Industry Budget Cuts Cause Problems

AU0706131089 Budapest NEPSZAVA in Hungarian 2 Jun 89 p 5

[Report by Correspondent Robert Gal: "Will There Be Further Manpower Cuts in the Military Industry? — Some 8,000 to 10,000 Jobs To Be Eliminated in the Country—State Orders Could Drop by Half—Large Stocks of Products Accumulated in Warehouses"]

[Text] Defense expenditures are to be further cut according to the package plan submitted by the government on 1 June. The National Assembly made a similar cut in December 1988. A total of 8,000 to 10,000 jobs will become redundant in some 20 to 25 enterprises in the Hungarian economy.

According to the evaluation of the Ministry of Industry published a few weeks ago, the Hungarian military industry will have 30 percent fewer orders this year, compared with 1988. This proportion no longer applies. State orders to the Hungarian military industry could drop by 50 percent. The bulk of these lost orders is made up of export contracts based on valid intergovernmental agreements, export contracts for which the enterprises in question have already prepared adequate raw materials, intellectual and manual labor, and technology.

How did they react to the government decision and what measures are they forced to take?—we asked the heads of four large-scale enterprises in trouble.

The production capacity of the Building Industry Construction Enterprise was almost entirely engaged for a long time in investment projects and maintenance works carried out for the Ministry of Defense, and a great part of the manpower employed here are regular soldiers. As we were told, the picture is now somewhat more favorable because the shifting to civil production has accelerated and one-third of the enterprise's capacity is already engaged in this activity, and the number of regular soldiers employed there is consistently decreasing.

"We will even deal with the devil in order to survive. We are seeking both domestic and foreign partners who are ready to cooperate with us"—Director Gyorgy Eros says. "We will reorganize some units into limited corporations, and we established a joint enterprise with the Poles a few weeks ago. Despite our efforts, as a result of a drop in investments this year, our income plan for this year will drop by 150 million forints. Unfortunately, we will have to release 20 percent of our manpower, and we will further reduce the employment of regular soldiers too."

The Precision Engineering Enterprise is one of the large-scale enterprises where the leadership is facing tough compelling decisions, or it has already made them, because some 80 percent of their products are for military use.

"At least, so far, our products were mainly for military use"—General Director Ferenc Fenyvesi says—"but we must add here that, for years, our exports have reached 90 percent. Some time ago, we already canceled the contract stipulating the employment of 150 regular soldiers. We also dismissed 30 Polish guest workers and stopped home industry employment from agricultural cooperatives. As a Hungarian citizen, I respectfully acknowledge the government decision. The cut in defense expenditures could affect us primarily in our efforts to increase exports. We are working on establishing a new supply of goods. We would like to get hold of financial resources by means of tenders, and perhaps even make use of preferences. We have clearcut economic goals: We must seek new markets?and new partners, and we must shift to another production structure."

Of course, it is impossible to look for new markets and accelerate the pace of restructuring overnight. Or is it possible?

"No, it is not possible"—Andras Siska, general director of the Godollo Machine Factory, says. "In enterprises where there is also civil production, there are more opportunities and greater chances for survival than here. Therefore, we will have to modify our previous measures.

"Large stocks of goods have been accumulated in our warehouses—one should fulfill interstate agreements and contacts—and we also have exports that we cannot stop. Due to their special character, a large proportion of our stock of goods cannot be used in other sectors of our economy. The big problem is that these stocks of goods use up our free financial resources and thus we can obtain funds for restructuring only from high-interest loans. My opinion is that the people "above" did not do everything to counterbalance the unfavorable and negative effects of central measures. For the time being, they left the enterprises in trouble to find a solution."

Everyone is afraid of unemployment and insecurity in the Videoton Enterprises because this large-scale troubled enterprise will release 1,000 workers by the end of April. This is what we reported at the end of January. General Director Janos Kazsmer is more relaxed today than at the beginning of the year, at least so he seems to me.

"The orders made by the Hungarian People's Army make up only 5 percent of our total production volume, so the military industry activity is not decisive here. It is impossible to tell precisely the consequences of the government decision on industrial production and on the Army's imports; the near future will tell this."

The Economic Collegium of the Ministry of Industry recently discussed the situation of the military industry. Its observations and proposals will soon be submitted to the Council of Ministers. The fact is that the government's correct budget-cutting decision has eliminated the autonomy of the military industry, something that previously provided certain advantages to this industry. In the future, the enterprises in question will have to participate in the civil and military production in other proportions, by preserving their technological and technical level. They will need funds, loans, and the easing of interest burdens in order to restructure themselves. They will also have to take into account employment consequences.

Continuing Coverage of Sejm Election Results

Election Commission Gives Results

LD0806130789 Warsaw Domestic in Polish 1200 GMT 8 Jun 89

[Text] To start with we present a communique from the session of the State Electoral Commission. Professor Alfons Klafkowski is speaking.

[Begin Klafkowski recording] The announcement by the State Electoral Commission of 8 June 1989 on the results of the voting and the results of the elections to the Sejm of the Polish People's Republic [PRP] carried out on 4 June 1989: On the basis of Article 82 of the law of 8 April 1989, the Electoral Regulations to the Sejm of the PRP of the 10th term of office 1989-1993, the State Electoral Commission is making public the results of the voting and the results of the elections to the Sejm of the PRP.

On 4 June 1989 elections were held to the Sejm of the PRP to elect 460 deputies, including 425 out of 1,682 candidates in 108 electoral districts and 35 deputies from the National List. The elections were carried out by the State Electoral Commission, 108 district electoral commissions and 23,353 ward electoral commissions. The commissions comprised 231,478 citizens. The number of those entitled to vote was 27,362,313. The State Electoral Commission states that in the elections to the Sejm of the PRP held on 4 June 1989, no deputy has been elected to 262 mandates because the candidates did not gain the number of votes required. On 18 June 1989, another round of voting will be held to fill these seats.

The Commission states that in the elections of 4 June the following candidates from the National List gained more than half the valid votes and have thus been elected as deputies to the Sejm of PRP of the 10th term of office: Mikolaj Kozakiewicz and Adam Zielinski. The State Electoral Commission states that in the elections to the Sejm of the PRP held on 4 June 1989, in total 165 deputies have been elected. Then follow the signatures of the members of the commission.

I shall now present an announcement by the State Electoral Commission on the results of the voting and the results of the elections to the Senate of the PRP held on 4 June 1989. On the basis of Article 1, paragraph 1, of the Law of 7th April 1989, Electoral Regulations to the Senate of the PRP, and Article 82 of the Law of 8 April 1989, Electoral Regulations to the Sejm of the PRP of the 10th Term of office 1989-1993, the State Electoral Commission announces the results of voting and the elections to the Senate of the PRP. On 4 June 1989 elections were held to the Senate of the PRP. In 49 electoral districts which correspond to the areas of voivodships, 100 senators were to be elected out of 555 candidates. The commission states that in the elections to the Senate of the PRP held on 4 June 1989, due to some candidates not having gained a sufficient number of votes, eight mandates for senators were not filled in six electoral district. On 18 June another round of voting will be held for these place. [end recording]

Solidarity Elected in Gdansk, Katowice

LD0706175889 Warsaw Television Service in Polish 1730 GMT 7 Jun 89

[Text] [Presenter] The results of the first round of the elections are not out yet throughout the whole country. We therefore asked the television news reporters from Gdansk and Katowice to report from their voivodships:

[Gdansk reporter] In Gdansk Voivodship, 625,199 valid votes were cast in the Senate elections. From among the six candidates, the greatest number of votes were obtained by:

Bogdan Lis—459,085 votes and

Lech Kaczynski—423,640 votes.

Because both of them obtained more than 50 percent of the valid votes, by the same token they assured seats for themselves in the Senate.

[Voice of Katowice returning officer] The Electoral Commission states that in the elections to the Senate of the Polish Peoples Republic of 4 June 1989, the following three candidates obtained the greatest number of votes in descending order and more than half of the valid votes and have therefore been elected as senators:

Andrzej Wielowieyski, who obtained 912,969 votes, which gives him 66.4 percent;

August Chelkowski, in second place, who obtained 878,869 votes, which gives him 64 percent;

Leszek Piotrowski, who obtained 841,511 votes, which gives him 61.2 percent.

[Reporter] At the present moment, it emerges from the proclamations of the District Electoral Commissions that there will be the necessity for run-off elections on 18 June. This means voting for a second time for 27 seats.

Another Walesa-Jaruzelski Meeting 'Possible'

AU0706172289 Paris AFP in English 1625 GMT 7 Jun 89

[Excerpts] Warsaw, June 7 (AFP)—Solidarity leader Lech Walesa may meet Thursday with Polish leader General Wojciech Jaruzelski or Prime Minister Mieczyslaw Rakowski, informed sources in Gdansk said Wednesday as pressure grew for the union to join some sort of new ruling "coalition".

The source said the meeting would be "at the highest level", but Mr Walesa, when questioned, said only that such an encounter was "possible". [passage omitted]

Polish authorities, conceding defeat in the elections, called on the opposition to "share responsibility" in helping to resolve the problems of Poland, which is racked by a serious economic crisis.

Late Tuesday, a member of the party political bureau, Marian Orzechowski, issued a new call for Solidarity to join the government in a "broad coalition".

Solidarity spokesmen, however, have rebuffed the invitation on the grounds that it was "elected to play an opposition role in parliament".

But Solidarity leaders have not ruled out some sort of cooperation to help introduce further reforms in the country.

Two government officials and two Solidarity leaders held talks here Tuesday at a session attended by a representative of the Catholic church.

The government delegates, Czeslaw Kiszczak and Stanislaw Ciosek, and two of Mr Walesa's top advisers, Bronislaw Geremek and Tadeusz Mazowiecki, were also part of the negotiating teams at the roundtable talks February 5 to April 6.

That agreement planned for the creation of a joint commission of some 30 delegates, which is to meet in the capital Thursday.

The Gdansk sources said that if Mr Walesa does meet with Polish leaders Thursday, it would be in the context of this joint commission. [passage omitted]

Leaders, Press Assess Election Results, Campaign

Urban, Geremek On Results

LD0706201189 Warsaw Domestic Service in Polish 1700 GMT 7 Jun 89

[Text] Two interesting press conferences took place at the INTERPRESS AGENCY headquarters. Here is an excerpt from Minister Jerzy Urban's press conference:

[Begin recording] [Unidentified speaker] A question from the Portuguese television representative. Minister, can you tell us what types of meetings are currently taking place? Can you confirm the meeting planned for tomorrow between Rakowski and Walesa, and will a press conference take place after this meeting?

[Urban] No. At this moment, a meeting is taking place between Rakowski and the Bulgarian premier. However, tomorrow, the Consultative Commission is to meet. I do not rule out...[Urban changes thought] I regard as logical a Walesa-Rakowski meeting, but I know nothing about any practical steps taken in this matter.

[Unidentified Speaker] Minister, what is your persoanl scenario, since, as you state, the government cannot now rule alone, we cannot blame...[changes thought] burden the government with the responsibility for everything when Solidarity accumulates political capital. Also, what is your personal scenario for getting out of this situation, for, let's say, the formation of a government which could be in a situation which is not subject to such a burden?

[Urban] I think that it should be a coalition government, gathering together various types of forces in aid of the reforms. I know that representatives of the opposition have rejected such a concept, at least at this moment. From this, I simply register that there is such a moment where we must seek some way out. [end recording]

[Announcer] And this is what one of the Solidarity leaders, Professor Bronislaw Geremek, said at his press conference:

[Begin Geremek recording] The results of the elections, which we do not yet know in full, but whose general direction is already known to us, create a new situation which is excessively dramatized by some—and I would say in particular by Western—observers. The basic problem, for us, for Solidarity, for the Civic Committee, which participated in the electoral process, was the election campaign and the political process which begins after the elections. The election campaign has ended. We think that it has ended in success, also in this sense, that the line of agreement itself, the method of agreement, gained fairly substantial support, although less than we expected. At this moment, the problem of the further political process depends on whether both sides are able to guard against the dangers threatening them, the Solidarity side against triumphalism, the ruling side against the totalitarian temptation to use the means of force. I am convinced that one side and the other can guard against both these temptations. [end recording]

PAP on 2d Round Elections

LD0706213889 Warsaw PAP in English 2048 GMT 7 Jun 89

[Text] Warsaw, June 7—The elections to the Sejm and Senate in the Bydgoszcz Voivodship were a success for opposition candidates.

A majority of them won parliamentary seats in the first round. One seat in the Senate from the voivodship will be contested against as Jan Glemb, the general manager of a construction enterprise from Mogilno and Aleksander Paszynski, a manager of a private company from Warsaw earmarked by the Civil Committee of "Solidarnosc" did not win the required 50 percent of votes in the first round.

In District No 32 covering Katowice and Myslowice, the second round of elections will pit economic journalist of the "DZIENNIK ZACHODNI" Teresa Czarnik-Sojkowa against Rajmund Moric, the chairman of the Federation of Miners' Trade Unions.

In Lodz, Prof Cezary Jozefiak from the list of "Solidarnosc's" Civil Committee will run against Col Jan Plocienniczak who does not have any list but only considerable popularity. The former candidate won 202,052 votes, the latter 122,693. Col Plocienniczak thinks that one must fight till the end. He will not throw in the towel.

A similar attitude is displayed by candidates from the PUWP [Polish United Workers Party] list. They wish to more fully present themselves to the voters. They themselves will determine what meetings to be held by candidates will be like, stated Zbigniew Brynski of the Lodz PUWP committee, adding: We are waiting for their proposals. One thing is sure: The campaign of our candidates will proceed as it has thus far, with dignity, in an atmosphere of respect for both the counter-candidates and the voters.

In electoral district No 55 in Lublin, 2 of the 5 Sejm seats were filled in in the first round of voting: One allotted to the United Peasant Party and one to the non-aligned. The voters will determine who will sit on the Sejm from the PUWP, the Democratic Party and Pax.

Warsaw residents already know their senators and deputies from the non-aligned list. The second round of voting will pit pairs of candidates from the coalition-government list who on June 4 won the greatest number of votes. As much as 8 candidates will fight for victory in northern Praga district and Mokotow which are alloted four seats each, 3 in Ochota and Praga south each, 2 in Zoliborz and Wola each, and one in Srodmiescie.

Solidarity on Sejm 'Missing Places'

LD0706202489 Warsaw Television Service in Polish 1730 GMT 7 Jun 89

[Text] The Warsaw Solidarity Citizens' Committee has organized a press conference at which journalists' questions were answered by Janusz Onyszkiewicz and Jan Litynski.

[Begin recording] [Unidentified correspondent] [words indistinct] Did Mr Mazowiecki discuss yesterday with Mr Ciosek and Mr Kiszczak?

[Onyszkiewicz] Yesterday, as you all know, there was indeed an introductory meeting, for this was not the meeting of any formal body. Tadeusz Mazowiecki and Bronislaw Geremek took part in the meeting from the Solidarity-opposition side. Father Alojzy Orszulik also took part. On the coalition-government side Andrzej Gdula, Stanislaw Ciosek, and General Czeslaw Kiszczak took part. At this meeting our side confirmed once again what we have often said, that we regard the roundtable agreements as binding; and that Solidarity will make no complaints or demands in connection with the filling of those places in the Sejm which perhaps will remain unfilled as a result of the nonqualification for the Sejm of certain persons who were on the national list. In accordance with the Constitution (?of the Sejm) of 460 deputies, the filling of these places is a matter on which the coalition-government side should present some proposals.

Of course, there was the option of recognizing that those people who did not qualify should simply not enter the Sejm and thus that the participation should be reduced to maintain the proportions—reducing by a certain number the mandates on our side. But of course that was not, could not be considered. In any case, that side did not submit this proposal; that must be openly admitted.

There were two options: simply to supplement the composition to the full 460, or the purely theoretical option of reducing our participation. This second option is, of course, exceptionally difficult, and in light of this there remains the first. How this will be realized is not clear. It was, however, agreed that tomorrow there will be a meeting of the coordinating commission, doubtless in full, with Lech Walesa. There perhaps we will discover what the proposals and possibilities for the resolution of this problem are. This is all that I have to say on this. [end recording]

John Daniszewski from the AP agency asked if there is still the possibility of filling the missing places during the second round of elections on 18 June. How does Solidarity view the fact that such important political figures as, for instance, Stanislaw Ciosek and Mieczyslaw Rakowski did not get into the Sejm, as the initial results of the voting indicate?

[Begin recording] [Onyszkiewicz] We have already said many times that it is not for us to find a solution or to propose a solution. We hope that some proposals will be presented following a legal analysis of this situation. Providing that this is a solution in accordance with political sense and the law, we will not oppose it.

As for the absence of such persons as the figures named here, then indeed it seems that this is a matter that is disadvantageous for the Sejm deliberations, because we would like to see in the Sejm a platform for discussion and also for political decisions to be made. In light of this, the presence of those persons that play a key role in the country's political life, the ones that represent the party and the party-government coalition, would be important for us. In view of this, their absence, we fear, can very much prolong the process of reaching such solutions and decisionmaking, as there will then probably have to be consultations on the decisions. The matter will have to return to the Sejm for deliberations, which will prolong the process, and apart from that it will

disturb what we have long been concerned about, that is, as I have already said at the start, that the Sejm will really be a forum where the most important decisions for the country are made.

[Litynski] A further analysis of the votes cast for the national list indicates that the national list was voted for en bloc, yes or no. The differences between particular candidates were relatively small. I believe it will not be an abuse of the will of the electorate if I interpret the results in this way, that this was a vote against the old system. On the other hand, it was not a personal vote for the people who are on this list. In other words, the will of the electorate is to change the system. On the other hand, the will of the electorate is not directed against the roundtable compromise. [end recording]

There was also a question as to whether Lech Walesa will soon meet with Wojciech Jaruzelski, or with Mieczyslaw Rakowski.

[Begin Onyszkiewicz recording] [Words indistinct] give a reply to this question. There are no such plans at the moment.

Solidarity Adviser on Results

PM0706143489 Milan L'UNITA in Italian 6 Jun 89 p 7

[Interview with Solidarity Adviser Bronislaw Geremek by Gabriel Bertinetto in Warsaw—date not given]

[Text] Warsaw—[Bertinetto] Solidarity has won and the Polish United Workers Party [PZPR] has suffered a defeat. Do you now fear negative effects on the policy of dialogue and a strengthening of the party's conservative wing?

[Geremek] It was certainly not in anybody's interest for any side to suffer a spectacular defeat. The PZPR's prestige is now in a sorry state and this is a negative fact. But we must not exaggerate things. The Solidarity which won the elections is the Solidarity which chose dialogue and working with forces favorable to the regime. This compromise policy has won the support of the majority of society. I would venture to say that the PZPR's reformist faction now has an interlocutor which is valid not only because it is popular but because it has received broad support for its decision to pursue a dialogue. There is no need to overdramatize the Communists' defeat. It was inevitable that they would pay the price for the economic crisis. However, I think that there is still room for strong dialogue which will benefit Poland and Europe and which will guarantee stability with change. In addition, in our system parliament has never really held power, power rests with the Politburo and the defense committee, in other words the party and the Armed Forces. However, we now have a third structure, which is not intended to wield power but to bring conciliation, namely the roundtable commission. There must be a will to change things and we have it. If it also exists in the PZPR, I hope that we will find good solutions.

[Bertinetto] Could President Jaruzelski's offer—a broad coalition government—if accepted, impart new impetus to the dialogue and the democratization process which are now somewhat threatened by the polarization of the vote?

[Geremek] Jaruzelski's proposal, as we interpret it, does not refer to Solidarity entering government, which would be a problem while this system remains unchanged, while the nomenclature remains in position, and while the Constitution continues to give the party a leadership role. But we are ready for a broad reforming coalition which the roundtable initiated.

[Bertinetto] How can this broad coalition be built?

[Geremek] We have the roundtable commission. It will have to lay down lines of political and economic reform which are acceptable to everybody. In addition, there is parliament in which the national coalition could be formed on the basis of important subjects— the economic reform, the democratization of the state, the independence of the judiciary.

[Bertinetto] The rate of abstention was close to 40 percent. Do you not think that that is a dangerous sign?

[Geremek] Yes, it is a serious problem. Millions of people are involved, and if the decision not to vote means a rejection of the political compromise, if young people and other active forces of society think that the system should be overthrown not changed, then there is social potential for revolt. If that is the case the social contract between the government and the opposition must produce tangible results as soon as possible to convince skeptics of its value. We are very worried about the rate of abstention.

[Bertinetto] Are you afraid that the conservatives will regain the upper hand in the PZPR?

[Geremek] There is a danger, but given the massive support for Solidarity as a partner in dialogue, I think that the conservative forces realize the impossibility of controlling the situation against the people's will. The lesson of the tragic events in Beijing must remain in the minds of all parties in the communist world.

[Bertinetto] It seems that many of the PZPR's reformist leaders will not be in the parliament. Surely you are partly to blame for that because you did little to persuade the voters not to vote against them?

[Geremek] Walesa's appeal on the eve of the election was an attempt to save the "national list" and counter the arrogance of the party leadership which had decided on

its own initiative to exclude this list from the second ballot. They thought they would all obtain at least 50 percent in the first round. That did not happen and we are not pleased about it because a price will now have to be paid for that arrogance.

Kojder Denies 'Solidarity' Insinuation

AU0706140289 Warsaw ZOLNIERZ WOLNOSCI in Polish 5 June 89 p 3

[PAP report: "In the Closed Military Constituencies"]

[Text] With reference to an article which appeared in No 19 of the GAZETA WYBORCZA, suggesting that if the results of the votes cast in the military closed constituencies differed significantly from the results in other constituencies then it would mean that pressure had been exerted on the voters, General of Brigade Tadeusz Kojder, member of the National Election Commission made the following comment to a PAP reporter: "I do not know on what basis GAZETA WYBORCZA is making such insinuations. In the military closed constituencies 20 per cent of the trusted observers represent the interests of 'Solidarity' Citizens Committee candidates for the Sejm and Senate. I know of no instances of any difficulties being put in the way of these people when they they were being nominated trusted observers for military closed constituencies. I am aware, however, of many instances of sympathetic treatment when applications putting forward 'Solidarity' Citizens Committee candidates for trusted observers were received after the deadline set by the election law.

"I would like to stress that with reference to this irresponsible statement made by GAZETA WYBORCZA, I have received many expressions of protest and anger from members of the military election commissions. They consider this to be an inadmissible form of pressure on the military electorate."

Bisztyga on 'Serious Atmosphere'

AU0706152389 Warsaw TRYBUNA LUDU in Polish 5 Jun 89 p 3

[Zenon Kulej report: "The PZPR Central Committee Spokesman Comments on the Elections"]

[Text] Jan Bisztyga, spokesman of the Central Committee of the Polish United Workers Party [PZPR], met with domestic and foreign journalists at the INTERPRESS Center in Warsaw on Sunday, 4 June.

At 1030, he said: I am very pleased with the atmosphere that has dominated all polling stations since 0600. This is a serious atmosphere, full of understanding of the importance of what is happening in Poland. Without a doubt, this day will be considered one of the most important days in our history.

At 1500, he repeated his earlier statement about the serious atmosphere.

He also reported about an incident in Krakow caused by the KPN [Confederation for an Independent Poland] which marred this atmosphere. He dissociated himself from Radio Free Europe forecasts of the results. No one, he said, has started counting the votes yet, except in a few polling stations abroad; therefore, any general assessments are premature. By already announcing the final results, Radio Free Europe is applying a psychological trick designed to influence the vote of those who have not yet voted.

J. Bisztyga expressed a negative stance vis-a-vis the conduct of some "Solidarity" pickets who are not only calling on voters to vote the way "Solidarity" would like, but are even helping them cross out names from the ballots. He recalled that the coalition is conducting a restrained election campaign for its candidates.

Next, J. Bisztyga answered questions.

[Question] Is the election being monitored by foreign observers?

[Bisztyga] I know that there have been ideas about an international control over our election. They were rejected by the authorities and by election commissions. We are a sovereign country that is very sensitive to national dignity, and we would not want any outside force to control our domestic affairs. Such ideas are quite simply an insult.

At a meeting at 2100, J. Bisztyga said that the election turnout noted up to 1930 varied from 40 to 70 percent, depending on the voivodship. The highest turnout was in Wroclaw Voivodship. Usually turnout is lower in agricultural regions and higher in industrial ones. These figures are lower than preelection polls indicated.

J. Bisztyga gave several examples of interfering with the election, such as a rally in Gdansk and the raid on a polling station in Lublin by people claiming to be KPN activists. He also mentioned a case in Ryki, Lublin Voivodship, where voters had been given ballots on which one member of the local election commission, Kazimierz K., had crossed out names of candidates in accordance with "Solidarity" instructions. However, all these are isolated incidents, said J. Bisztyga. They have not affected the serious and calm atmosphere of the election.

Other questions included the following:

[Question] You said that on 1 June, the government suggested to "Solidarity" that it should not perform election agitation on Sunday. "Solidarity" denies this. Who made this proposal, and to whom?

[Bisztyga] My statement did not contain the word "government." I used the words "government-coalition side" and " 'Solidarity'-opposition" side. There was one person from one side, and one from the other side. It was

suggested that there be no picketing on Sunday. This suggestion was refused, as a result of which it was also impossible to stop waging the election campaign over the weekend.

Who spoke to whom? I am not authorized to say.

[Question] What percentage of the votes would please the PZPR?

[Bisztyga] I do not wish to indulge in fortune telling. Even the forecasts about the turnout have proved to be wrong. The forecasts of the results will also have to be modified somewhat. Let me say this generally: We will be pleased with any result that will permit a continuation of the policy of reform and accord and the shaping of a pro-reformist coalition. We will consider that to be a victory by the Polish election.

Democratic Party on Campaign

LD0706213189 Warsaw PAP in English 1903 GMT 7 Jun 89

[Text] Warsaw, June 7—The Presidium of the Democratic Party [DP] Central Committee assessed here today the electoral campaign and the first round of elections to the Sejm and Senate.

The Presidium found that progress had been made on the road of introducing parliamentary democracy in Poland. The election returns are a natural response on the part of society to many-year disturbances in the functioning of the socio-political system, to the lack of palpable effects in reforming the national economy, it said.

The Presidium stressed that the DP was severely affected by the consequences of not respecting the pre-election coalition agreements, to mention restrictions on its access to mass media and failure to give it the promised amount of time in pre-election TV programmes.

Assessing the electoral success of Solidarnosc, the Presidium said it had come as a result of strivings by millions of Poles for genuine pluralism in the state, the need to conduct a real and not superficial dialogue between the nation and the authorities and common expectations to depart from the outdated autocratic structure of wielding power.

Having analysed the post election socio-economic situation, the Presidium deemed it necessary to broaden its cooperation with all participants in the roundtable debate. The Democratic Party forwards a proposal to form a roundtable government to comprise specialists in economy and politicians-reformers linked with different political trends. DP comes out in favour of the radical speeding up of political and economic changes. The giving up of the nomenclature system and exerting social control over the whole apparatus of authority was recognized as particular important.

Referring to the latest developments in Beijing, the meeting expressed deep regret and sympathy at the massacre of people who fought for ideals that are dear to the Democratic Party.

The Presidium also heard a report on the DP delegation participation in the FDP [Free Democratic Party] congress in Cologne. The meeting said that the stance adopted by the congress could help Poland join Europe's economic system.

Kolodziejczak on Campaign

AU0206095689 Warszawa ZYCIE WARSZAWY in Polish 27-28 May p 4

[Interview with Boguslaw Kolodziejczak, member of the Secretariat of the PZPR Central Committee, by Wladyslaw Tybura: "We Have Gone All Out"—place, date not given]

[Excerpts] [Kolodziejczak] An interview with me? At this time? Is ZYCIE not aware that I am not running for the Sejm or the Senate?

[Tybura] Quite so, nowadays it is the candidates to the Sejm and Senate that are being widely publicized. For them it is undoubtedly an effort to secure votes, and for us observers an interesting spectacle. How do you as a politician regard this campaign where one hears different political voices, and these elections whose results of cannot be foreseen?

[Kolodziejczak] I look upon this campaign as a very important and interesting political phenomenon. Although this is only a short step along the road of transformations upon which Poland has embarked in the 1980's, the process of fleshing out the concept of democracy is quite striking. We know when this road started, the forces which were involved, and we know where we are today. But as for the future, apart from a few definitions which seek to describe it, such as parliamentary democracy, civic society, pluralism, socialist market economy, and regional self-government, everything is rather vague. It is this particular angle of looking at it, in the light of development targets, which I find the most interesting. [passage omitted]

[Tybura] Certain differences in the way the election campaign is being fought have become evident, even, for an example, the very act of casting a vote. Does the Polish United Workers Party [PZPR] recommend to its members and sympathizers to strike out all other names on the list, with the exception of its own candidates, as has been the case with the election instructions issued by "Solidarity" in relation to its own candidates?

[Kolodziejczak] It is interesting to note that the PZPR is not conducting an aggressive campaign, which some people find surprising, and instead is supporting its candidates by calm and rational arguments. We are not

conducting a confrontational propaganda campaign on the basis of "opposition to the opposition", since it does not necessarily follow that an "opposition means a better proposition."

On the contrary, our candidates represent, above all, the stream of reform and national accord. They now have to face hard facts, and translate these great slogans into concrete actions which will ensure their political identity. For this reason there is a conspicuous lack on our side of concepts designed to "save humanity," and a lot of effort to secure something worthwhile for the people through this election. That is why we are appealing to the electors to vote for the best, the most trustworthy candidates in the coalition.

The slogan "let the best man win" is a very democratic way of letting the best party candidates emerge. The same consideration dictated the national electoral list. I am convinced that these criteria also guided our other coalition partners. Please note that our party supports many candidates who are not affiliated to any party. Let us leave the final vote to the electors, we have faith in their judgement. A civic society should be built on, among other things, a sovereign electorate.

[Tybura] Does the party not admit the possibility that it may damage its election chances by being so magnanimous?

[Kolodziejczak] Of course we are hoping for the best result. But it is also important that the development of events in Poland, commenced by our initiative and through our great commitment, presents an opportunity for all Poles. These elections will be a test of society's support for the ideas of the "roundtable," and for the entire great process of transformations which received new impetus and new possibilities as a result of the 10th Plenum of the Central Committee. [passage omitted]

[Tybura] What does the party intend to do so that this process, begun long before the elections, is sustained and harmoniously expanded after the elections? Is the PZPR prepared to meet the new challenge?

[Kolodziejczak] We shall certainly not be caught off guard. One cannot be caught off guard by something which one has been consciously and consistently creating. The breakthrough which led to the "roundtable" and its consequences, including elections against a recognized opposition, was forged at the 10th PZPR Central Committee Plenum. The resolutions of this plenum opened up a new stage of transformations. The elections, their new style, will be to the party's advantage. This is a very important schooling process for the party. It is also, thinking in terms of successive generations, a changing of the guard in the party apparatus, and in party representation in parliament. A new quality of a modern left, is being created through social rivalry. [passage omitted] So far our party has met the challenge of a major breakthrough. I am sure that it will also meet the challenge of the future, for it is becoming a party that is geared to the future.

Miodowicz Speaks on Cooperation With Government

LD0106213789 Warsaw Television Service in Polish 1730 GMT 1 Jun 89

[Text] Trade union affairs were spoken about at the Interpress Press Center today. National Trade Union Accord [OPZZ] Spokesman Franciszek Ciemny reported on today's Executive Committee meeting. The OPZZ has proposed to the Independent Self-Governing Trade Union Solidarity and other trade unions that they cooperate on all important issues affecting working people. The OPZZ Executive Committee stresses in the declaration that it will oppose attempts to transfer the costs of getting out of the crisis onto the shoulders of employees in the public sector, the elderly, and disability pensioners. Full compensations of [words indistinct] is demanded.

[Begin recording] [Unidentified correspondent] Chairman, the elections are on 4 June. Has the OPZZ a plan for after that?

[Miodowicz] Well, there isn't a plan of this kind, although—as I hear—there are so many programs that the main thing is not to lose one's way among it all. We have a simple idea: The point is never to forget and under no circumstances to lose one's way among these programs and leave our Polish families in the background. As a matter of fact, the most important issue is our country, Poland, and the living standards of Poles. We are constantly thinking about this and we are already making substantive preparation for cooperation with the newly elected government and, above all, with the newly elected parliament. [end recording]

Spokesman Bisztyga Interviewed on Role of Party

AU0606114089 Warsaw TRYBUNA LUDU in Polish 31 May 89 pp 1, 2

[Interview with Jan Bisztyga, PZPR Central Committee spokesman, by TRYBUNA LUDU's Zygmunt Slomkowski; date, place not given]

[Text] [Slomkowski] One notices that foreign mass media have become much more interested in Poland. I have only partial access to this material, but from reading it I get the impression that some journalists have become lost, as it were. Moreover, they seem incapable of comprehending what is happening in Poland, or seem to be surprised about Polish events, especially concerning the party. However, I also notice a certain change in their views about the party, away from biased opinions. As spokesman for the Central Committee of the Polish United Workers Party [PZPR], you often meet foreign journalists. What are they interested in?

[Bisztyga] They seem to have a greater understanding of the party's role in the processes taking place in Poland. They seem to view the party as the driving force of these changes, a party that is itself rapidly changing. This is a new way of looking at things for Western mass media. These media are now attempting to explain the PZPR's role as the driving force of change and are showing interest in the PZPR leadership. Another novelty is that they are no longer pouncing on individual events, which of course does not mean that they are glossing them over, but at least they are trying to analyze the party's way of thinking. I would even say they are displaying a certain fascination in the PZPR leadership's approach to emerging problems, its openness toward events in Poland and the world, and its high competence and responsibility.

[Slomkowski] Judging from articles that I have read, this is just one way of looking at things. After all, there are many cases of a failure to understand what is happening in Poland, especially in our party.

[Bisztyga] One reason for this is a lack of comprehension or ignorance of the processes whereby the PZPR reaches decisions and adopts resolutions. My meetings with foreign journalists have given me this impression. Another reason for the distorted view of the party is that the party is regarded as a collection of groups or factions and that we are viewed in the light of various events and opinions. I would say that what is our strength is considered to be our weakness. People forget that we are a different party today, a party that has dispensed with the Stalinist model and no longer has anything in common with it. They forget the influence on the PZPR of certain hostile forces, which are considered threatened by the new party. As a result, despite all the facts, people at home and abroad insist that the party cannot be reformed, that it is still a Stalinist party, and so on.

[Slomkowski] Let us discuss the changes that have occurred in the party, for that is a basic component of the processes we are experiencing.

[Bisztyga] We are now a party which bases itself in reality and treats reality the way it is. We have dispensed with wishful thinking, which has cost us so much. Our point of departure now is truth. Our first secretary, General Wojciech Jaruzelski, bears much of the credit for this new approach. By virtue of his post, he attaches great importance to analyzing current conditions and drawing conclusions from them. Decisions are taken only after such an analysis.

Let me add that our party possesses numerous instruments that are necessary for decisionmaking. We have research centers, teams of experts, specialists in the social sciences, and so on. We use these resources not to justify decisions, but to reach them. Today, the party leadership demands from these experts not an approval of party decisions, but a critical-minded look at these decisions and alternative ideas.

Great importance is attached to consultations. The party leadership maintains direct contacts not only with Central Committee members, but also with voivodship-level aktivists, and even some larger primary party organizations. The views of non-party people and those representing different currents of opinion are also considered. In order for a modern party that bases itself on reality to function, it must consider the views of others even if it means the cancellation of some activity.

These therefore are the conditions and mechanisms that govern the Politburo and Central Committee decisionmaking process. From this it emerges that the many differences in opinion inside the party converge into one whole. These opinions lead to decisions.

[Slomkowski] We have digressed from the main topic of our interview. I understand that foreign journalists simply do not know much about the elections in store for the party and are not aware of the mechanisms involved, as a result of which they find it difficult to grasp Poland's development strategy.

[Bisztyga] I would say that they fail to realize that what has been happening in Poland during the past few years—the 9th and 10th PZPR Congresses, the 10th Central Committee Plenum, the "roundtable," and the elections—are not just a collection of facts, but one whole continuous process. Therefore they fail to notice Poland and the party in this process. They disbelieve the view expressed at the National Conference of PZPR Delegates that we consider the "roundtable," the implementation of its accords, and the election as part of a process that will spread into the future. Everything is in motion. Of course, the speed of this motion will depend on the results of the election and on the extent to which these results contribute toward a stabilization in Poland, which society needs so much. I wish to make it clear at this point that stabilization does not mean an end to current processes and changes, but their consistent continuation.

[Slomkowski] Were the journalists you have spoken to not fearful for the future of the present changes in Poland? Not even we in Poland are devoid of such fears.

[Bisztyga] Yes, my talks have indicated that such fears exist. Journalists are worried about political wrongdoing, involving taking advantage of the possibilities presented by democracy. They realize that anarchy, arrogance, and confrontation are harmful to democracy, in fact they cancel out democracy. They consider the vehement criticism by extremist forces of the national election list of Sejm candidates as a dangerous violation of the democratic principles adopted at the "roundtable." After all, this is a problem of continuity. My interlocutors realize that this problem involves the continuity and consolidation of the democratic changes initiated by the people on the national list. Therefore, these people are not only the continuers of these changes, but also the guarantors thereof.

There are also fears about the effects of cheap political and economic demagogy that has nothing to do with the country's reality.

During my talks and during my reading of articles that claim to be analyses, I detect fears not that the PZPR and the entire leftwing coalition might be capable of continuing the reforms and changes in the direction agreed on at the "roundtable," but that this entire process may be ruined by anarchy and political adventurism, which will affect the economy more than anything else.

[Slomkowski] In reaction to the changes in Poland, some Western capitals are voicing declarations or announcing limited steps toward a normalization or even intensification of economic and financial relations with Poland.

[Bisztyga] We observe considerably more declarations than deeds on the part of the West. A tactic which we noticed a long time ago is repeating itself—first, a declaration of intentions and presentation of conditions, and then a change of opinion brought about by sudden political developments. This makes Poles suspicious of the intentions of Western countries and displeased with such policy. Comrade Jozef Czyrek discussed this in his WASHINGTON POST interview, which was published in Poland.

We also notice increased confidence in the path defined by the "roundtable" accords, which includes the adoption of the election procedure which has been agreed upon and which should bring about the intended results, one of which will be a continuation of executive power by the present ruling coalition. Therefore we notice confidence that the solutions that have been adopted are the most favorable ones.

Political Scientist Urges Reforms, Democracy

PM0206095689 Gdansk GLOS WYBRZEZA in Polish 29 Apr-1 May 89 pp 1, 4

[Interview with Dr Andrzej Sobocinski, deputy director of the Gdansk University Institute of Political Sciences, by Maciej Geysztor; date, place not given]

[Text] [Geysztor] Is it possible for democracy to be successful in a country like ours, plagued by inflation, weighed down by the burden of a multibillion debt? We hear the opinion expressed that democracy can exist only in conditions of prosperity, in affluent societies...

[Sobocinski] I favor the opinion that for us there is no alternative: Democracy in Poland must become an established fact. In theory our society is ripe for democracy. We have rich traditions in the sphere of political life, and this also includes multiparty systems. We could recall here the end of the 18th century, which saw the birth of some very interesting ideas for salvaging the state. Although these were unsuccessful, nevertheless they did not disrupt the process of strengthening and consolidating the sense of Polish national and state identity, a process which was to continue throughout the following century until Poland regained its independence in 1918.

Thus democracy is a part of our national heritage, as it were, but we need to consider whether the period of tremendous social advancement brought about by socialism has not lowered the political culture of Polish society in objective terms. The change of the sociopolitical state system, combined with a change of the ruling class, caused certain crucial shifts in our system of sociopolitical values. The quality of the ruling class is a fundamental factor here: It decides on the extent of democracy within the system. After the war neither the working class nor the peasant class of the day were capable of meeting the quality requirement, and the party, which constituted their vanguard, made a great number of significant strategic and tactical errors.

[Geysztor] Democracy also presupposes pluralism and offers diverse social forces an opportunity to participate in the exercise of power. Are we capable of creating a pluralistic model of a democratic state after 40 years of virtual political monolithism?

[Sobocinski] We have always had pluralism in Poland. We only lacked political institutions that would allow it to operate within the state system. We have had more than our fair share of coffee-house, dinner party, or street corner pluralism. After all, we know that a political system is viable only when it provides institutionally defined space for all views and opinions, often diametrically opposed, to be expressed within its framework. For a number of reasons we have had no such system in Poland and consequently we lacked the essential ingredient necessary for the state's internal peace: a kind of political safety valve or self-regulating mechanism. Our present transformations aim at creating such a system while retaining the essential principles of the state sociopolitical system. We can discuss the method, but not the objectives.

[Geysztor] Given a system of political pluralism, will it be possible to retain the Polish United Workers Party's [PZPR] leading role in the state?

[Sobocinski] There are surely no systems anywhere in the world—except for those run on the mafia or authoritarian principle—which do not operate under the leadership of organized political forces, that is, political parties. They may adopt a coalition system or they may be based on the principle of a single-party leadership. In Poland we have a similar model, and if we are trying to make it into a viable system we are not doing it to force PZPR to cede its authority. We are doing it to change the way in which it exercises this authority. The party has come to realize that in our present circumstances no one has a monopoly on wisdom and truth, and that a continued single-handed campaign will lead it nowhere. We must work out an entirely new system now. The

trouble is that we must not operate within the old style any more, and we still have to learn the new style. It is necessary to create a real, working model of a coalition-based political system, not just to declare one without any basis in reality. It would also be ideal if we could achieve a working feedback arrangement with all groups that think differently without intending to destroy the system. I believe that the the new act offering extended opportunities for the creation of new associations is a highly significant step along the new path. Some of those associations may eventually evolve into political parties. Provided that their program is based on the principle of developing and improving the present system rather than changing it, there is no reason why there should not be a dozen or even several dozen such parties in operation...

[Geysztor] Yes, but the adoption of such a model of the democratic system also requires a sharing of power. This poses the question of the permissible limits of such "magnanimity"—limits that ought to be set to ensure that we will not suddenly find ourselves deprived of all power one fine day.

[Sobocinski] I believe that it was correct to adopt the concept of evolutionary transformation. Since the party itself promotes reforms, which is a consequence of having recognized its own weaknesses, it must be given an opportunity to avoid making the same kind of mistake it made in the past. Such an opportunity was created, for example, by the roundtable decision to guarantee a percentage majority for the coalition in the future parliament. After a 4-year term of office, an equal opportunity will be available to all, including the opposition.

[Geysztor] Optimists claim that there is no turning back now that the changes have been announced; pessimists maintain that economic problems and our inability to achieve a radical acceleration of economic development could not only slow down the process of reform but even cause a return to a situation similar to that prior to the declaration of martial law.

[Sobocinski] This latter alternative is always possible, though I believe it is not unavoidable. We could, for example, introduce the classic managerial system of economic administration while at the same time suspending the activity of self-management bodies, and we would have the same situation as during martial law. Just as it is in the West, where the managers or management boards run their companies in the style of "enlightened absolutism." In the event of the roundtable decisions' failing to be confirmed by subsequent practice of solid partnership, what other solution could the government apply apart from introducing a one-man administration? The government must govern the country regardless of circumstances.

[Geysztor] Having given up its monopoly on power, the PZPR will be forced to enter into permanent or temporary alliances, including some with opposition forces. How far can the party go in that direction without losing its political identity?

[Sobocinski] First of all, we must examine the party's historical lineage and inquire into its identity and its composition. The PZPR was created as a result of a merger between the communist and the social-democratic movements, and these two tendencies are still alive in it today. In my opinion the communist or paracommunist trend was unequivocally dominant in the party throughout the past 40 years, while the very existence of the other, social democratic, tendency was ignored, even though it also promoted genuine and significant values and could boast a much longer tradition. We must remember that, operating as it did under clandestine conditions, the communist movement was never able to evolve valid methods of conducting political struggle in the open, under conditions of full legality and access to the parliamentary forum, comparable to the methods developed, for example, by the Polish Socialist Party in the interwar period. This handicap influenced its style of operation under postwar conditions, when it became the dominant political force. The other trend had no such handicap. Political power is a form of art and those who want to cultivate it ought to be skilled in it. The PZPR should reach out to its historical sources, analyze once again the whole range of values inherent in both political movements, and select from it all the values now best-suited to its goals. It would mean a move in the direction of social democracy, but not in the sense of changing the party program. Rather, it would be a choice of correct means and methods of party work.

[Geysztor] Such as?

[Sobocinski] Within the party itself, for example, there must be absolute, unswerving consistency in the implementation of its own resolutions. If we want to forge closer links between lower party ranks and top party apparatus, let us actually do something about it instead of forever issuing declarations of intent. At the moment the practice of centralism is still firmly in force, and this results in a significant proportion of party rank-and-file members' failing to identify with the slogans proclaimed by party officials. This is a very dangerous phenomenon which can lead to a complete isolation of the political center. We could quote many similar examples.

[Geysztor] We were talking about the need to reach out to our own national traditions. Should we not also make use of the experience we gained during the admittedly brief but nevertheless very important period when we attempted to build our own, Polish path to socialism?

[Sobocinski] Whereas back in 1946 we still had a chance of creating such a path of our own, the subsequent period brought us under the domination of the Soviet party, and

this brought our own quest to a virtual halt for a very long time. Indeed, we have to conclude that from that viewpoint the Stalinist period, and also that of post-Stalinism, must be regarded as lost years. I believe that in order to be socially viable, socialism everywhere has to subscribe to a shared ideology, but it must follow different paths in different countries, develop different ways of reaching the shared objectives, and evolve different methods of programming these ways. I think that Poland has every chance of becoming one of the first socialist countries to adopt such a course. What I call a move in the direction of social democracy is simply a return to the quest for such a course.

Today the party must propose a realistic long-term program which would be clearly understood by all. We already have such a program in principle, but we still need to make it fully cohesive and to give finishing touches to many of its details before it can be presented as a whole at some appropriate forum. Perhaps the 11th PZPR Congress could provide such a forum? In addition, the PZPR must win the confidence of the thinking part of our society—not even necessarily the majority—and also radically change its personal composition. It should really consist of the best of the best. Those who flourished for long years in corrupt internal setups will have to leave. Naturally they will be required to leave according to every principle of political culture. We will also need to "clean up the foreground," get rid of the vestiges of past mistakes, and fill in all the blanks in the history of the party and the nation.

[Geysztor] But some people are saying that the party has already done enough self-castigating and should now concentrate on the future. The press has come under similar criticism, too...

[Sobocinski] Self-castigation for the sake of the exercise is indeed a nonsensical occupation. But if self-criticism can help restore party credibility, then it is both helpful and necessary.

[Geysztor] The new situation requires that the party demonstrate particular flexibility in waging the political struggle. Will it be able to muster such flexibility?

[Sobocinski] Yes, but certainly not within the framework of the old structures. It would be a good idea if party organizations at universities, press publishers, steelworks, collieries, and the like were to hold regular meetings to compare experience in dealing with their respective problems or those pertinent to the functioning of the party as a whole. We used to combat horizontal structures, but we must recognize that they are both necessary and useful. We must learn to make good use both of ideas and of people that we have ignored in the past, especially when they hail from the circles of so-called intraparty opposition. After all, we must remember that those people spent long years fighting for reforms, and if they were to come to power today they would just continue doing the same thing. The party has never been a monolithic structure and I believe that now is the right time to let the "defiant ones" act. They really can fight.

President Bush Cited on Sejm, Senate Elections

LD0706225389 Warsaw PAP in English 2145 GMT 7 Jun 89

[Text] Washington, June 7—U.S. President George Bush stated that Sunday's elections to the Sejm and Senate in Poland were an important step in the direction of freedom and democracy.

In a written statement issued on Tuesday, the President said: "I am encouraged by the responses of both the Polish Government and members of the opposition to the election results..." and stated that the U.S. would act in agreement with its allies in order to assist Polish democracy in once again becoming rooted and holding on on its own.

Foreign Ministry Reports Poles in Beijing Safe

LD0706141389 Warsaw Domestic Service in Polish 1200 GMT 7 Jun 89

[Text] Following numerous questions, the Consular Department of the Ministry of Foreign Affairs reports that no Pole has suffered during the incidents in Beijing. Polish citizens are maintaining close contact with Polish consular establishments in China and depending on the development of situation, they will be evacuated to Poland.

TRYBUNA LUDU on Khomeyni's Role in Iran

AU0706150989 Warsaw TRYBUNA LUDU in Polish 5 Jun 89 p 7

[Zygmunt Slomkowski commentary: "The Ayatollah Khomeini Is Dead"]

[Text] The Ayatollah Khomeyni has become part of history. History will judge this great figure who symbolizes the fall of the empire and birth of the Islamic Republic, as well as an attempt to spread this republic beyond Iran's borders.

The first assessments will be provided by the period of time immediately following his death. It should provide preliminary answers to the following questions: Will the Khomeyni course, in other words a state based solely on the principles of the Koran, survive? Will Iran open itself to the world? Will the absence of Khomeyni's authority preserve the relative unity of the forces that have been ruling the country for 10 years?

There are more questions like these, which have made themselves particularly felt since the end of the Iran-Iraq war. These questions were born out of disputes which manifested themselves in a several-week government

crisis early last fall, the political collapse of the leader's successor last spring, and in public discussions on the country's path of economic development.

It was no secret that Khomeyni's personality suppressed all undertones and prevented open conflicts from occurring. For the Islamic Republic has plenty of problems to solve, and this fact is dominating the political stage of Iran which Khomeyni's death has opened up.

Commentator Assesses 'Charismatic' Khomeyni

AU0706155789 Warsaw ZYCIE WARSZAWY in Polish 5 Jun 89 p 3

[Franciszek Nietz commentary: "Khomeyni Is Dead"]

[Text] The death was inevitable. The strength of the 89 year-old spiritual leader of Iran had been gradually ebbing, and the voice with which he called on his people to be faithful to the ideals of the Islamic revolution, live a life of restraint and sacrifice, and ease the increasingly sharp divisions between the governors and the governed, had been growing faint. The venerable old man from Qom knew that after years of support, Allah would eventually summon him, and that the country would one day wake up without its charismatic father, a man who had always been faithful to the Messianic vision of Islam, a religion which places itself completely above the fate of individuals and peoples, ignores national borders, and engulfs broad sections of the Muslim world in the fanatical flame of revolution.

Fortunately, Ruhollah Khomeyni did not succeed in implementing this vision; not because he did not have enough strength and the masses in which he led lacked faith and devotion, but because the political, socioeconomic, and religious reality of the modern world revealed the anachronism and dangerous fanaticism of these ideas. Although Khomeyni was still worshipped by the broad masses of Iranian society, his philosophy and politics belonged increasingly to ages past.

The Ayatollah's successor will take over this difficult heritage. Today's Iran is nothing like Khomeyni's ideal Iranian state, based on the 7th century visions of Mohammed. It is paying the price of many years of war, and struggles with poverty, backwardness, unemployment, and inflation. It is a country whose future remains an unknown quantity, just like its internal order and the permanence of its power.

Ayatollah Khomeyni was a controversial but charismatic figure, with as much strong will as political talent. The numerous candidates for the post of successor, including his son Ahmed, have none of his talent and poise, and do not enjoy the support of a society that let "the holy man of Qom" lead the country in relative domestic peace for 10 difficult years. Today, this country is facing a great unknown. It is faced with many difficult questions about its own future and that of the Islamic revolution. These are questions that concern not only the 50-million strong nation and its neighbors, but also the world.

Atanasov Starts Talks With Rakowski in Poland

AU0706180289 Sofia Domestic Service in Bulgarian 1730 GMT 7 Jun 89

[Excerpts] Council of Ministers Chairman Georgi Atanasov ended his friendly working visit to the CSSR at the invitation of CSSR Premier Ladislav Adamec in Prague today by signing a protocol on the talks. [passage omitted]

Later, Comrade Georgi Atanasov arrived in Poland on a friendly working visit. He started talks with Council of Ministers Chairman Mieczyslaw Rakowski.

Ceausescu Interviewed by Emirian Paper 25 May
AU0206152189 Bucharest AGERPRES in English 1309 GMT 2 Jun 89

["President Nicolae Ceausescu's Interview with the 'Al WAHDAH NEWS of the United Arab Emirates"—AGERPRES headline]

[Text] Bucharest AGERPRES, 2/06/1989—As was announced, President Nicolae Ceausescu of Romania received on 25 May Muhammad ibn 'Auwayda, assistant general manager of the "AL-WAHDAH NEWS" daily of the United Arab Emirates, and Jamal al-Majaydah, senior foreign policy commentator of the same daily, to whom he granted an interview.

In the interview which is published today, President Nicolae Ceausescu answered questions regarding:

—The state and development prospects of the relations between Romania and the United Arab Emirates, and of Romania's political and economic ties with the other Gulf countries.

Romania's relations with the United Arab Emirates can be assessed as good. There is a broad cooperation in the economic, technical, scientific spheres as well as on a number of international issues, said President Nicolae Ceausescu who added that, in consideration of the development of both Romania and the United Arab Emirates, there still were broad possibilities to expand a mutually advantageous cooperation.

Today, Romania's economy is in a position to meet many requirements of the United Arab Emirates and of other Gulf countries, manufacturing products that are competitive in terms of performance and quality, he showed and said that Romania was also interested in importing a number of products from the United Arab Emirates and other countries. There are big prospects to expand the economic, technical, scientific ties as well as political cooperation on questions of mutual interest, more particularly on those related to peace, disarmament, for the establishment of bonds of close friendship and cooperation among all states, on the basis of full equality and mutual respect, said Nicolae Ceausescu.

As for Romania's relations with other Gulf countries, we have economic, technical, scientific links with virtually all the countries in the area—more intense with some, less so with others, he went on, pointing out that there were broad possibilities for cooperation to develop. Romania has comprehensive programmes with some of the Gulf countries which envisage an up to twofold growth of economic exchanges in the coming years and cooperates closely on many political questions with those states.

The prospects of Romania's relations with the United Arab Emirates, just as with the other Gulf countries, are very good and it will do its utmost to expand them, President Nicolae Ceausescu said in conclusion showing that would not only meet the interests of both sides—of the Gulf countries as well as of Romania—but also serve a broader cause, that of cooperation and peace.

—Romania's view of the prospects for a settlement of the Palestinian question:

Romania has always declared for a political, negotiated settlement of the Middle East issues, just as of all the problems facing the world, holding the view that force, the military way, war cannot contribute to their resolution, said President Nicolae Ceausescu.

At the same time, he went on, we supported from the beginning the Palestinian people's right to self-determination, to an independent Palestinian state. Now the situation is such that the settlement of the Middle East issues, of the Palestinian question is in the focus of world attention. The most should be made of this possibility to reach a comprehensive solution starting from the Palestinians' right to self-determination—to a state of their own included—and also from the establishment of relations of cooperation with all their neighbours, Israel included, from the need to ensure a lasting peace in the region on the principles of equality, respect for independence, territorial integrity and mutually advantageous cooperation.

As far as we are concerned, despite the existing hardships, we are of the opinion that possibilities do exist for a comprehensive solution to the Middle East issues—this being the only way to a lasting and just peace.

Romania has firmly declared for the organization of an international conference and insisted on it for years on end. Today, such a conference is almost unanimously acknowledged as necessary. Israel's reserves are actually tactics to attain some of its goals.

—Today nobody can be against an international conference: "We think the United Nations, the Security Council should assume greater responsibility for the organization of such a conference and pass on to its preparation together with the countries concerned, the permanent members of the Security Council and, of course, the Palestinian State and Israel. All the problems related to the settlement of the respective situation could be discussed at that conference.

One cannot anticipate the results but I firmly believe that, in such a framework, accord will be reached among the interested parties, between the Palestinians and Israel first of all, with the participation of the Arab countries. [no closing quotation marks as received]

—Assessment of the changes in the USSR and other socialist countries:

Requested to comment on changes in the USSR and to outline the principles and orientations for Romania's future development, President Nicolae Ceausescu said among other things:

Indeed, a number of actions are under way in the Soviet Union and in other socialist countries to improve work.

Certainly, we think all this is the concern of each socialist country and would like them to lead to ever better results in the development of each country, to the improvement of socialist society, to a rise in the respective peoples' standard of living.

As far as Romania is concerned, after the Ninth Party Congress in 1965, we took a stance of our own on socioeconomic development and socialist construction. We then put an end to old, dogmatic methods, to the so-called single model in socialist construction. We started from the fact that each party and each country should develop economically and socially and build the new social system in accordance with its realities, by applying the universal laws and the general principles of socialism to its realities and the aspirations of its people. It was upon that basis that we could have the achievements I referred to.

For more than twenty years we have been applying self-management and self-financing, we have developed a democratic system of economic and social administration by setting up working people's councils and turning the general meetings of the personnel in all units into collective management and decision-making organs.

We have improved the working people's remuneration and incentives system in all domains. But we also had in view to strike a balance, achieve a fair ratio between high and low incomes. Our system is based on a 1-to-4.7 high-to-low income ratio which we regard as good also for the next period.

We cannot admit or think of putting the conditions in place for a comeback to past inequalities.

We set economic and social development on the cooperative and the whole people's property which in fact accounts for the quasitotality of property in our conditions. I want to tell you openly that we do not intend to pave the way for a return to past forms of exploitation and oppression since this would rather be a step back to the times when the people lived in poverty, not a step forward.

As a matter of fact, everything that is happening in many developed capitalist countries proves that the peoples should not be concerned with how to increase the inequalities—that is to make the rich richer and the poor more numerous. This way leads to unemployment, to homelessness, including to a worsening of education, drug addiction and the other problems specific of the societies based on social inequity, which are well known and much talked about today.

We wish to build a society that can give all people decent working and living conditions, so that they may really be free.

No one can be free as long as one is not sure that one can make an income or that one has a home.

That is how we see the questions of development and human rights. We want to give the individual everything he needs for a dignified life, for his creative abilities to be used to advantage, by stimulating friendship and collaboration among people, not selfishness.

We actually want everything we achieve to be in the interests of the entire nation and give the people a broad part in the economic, political and social life. Certainly, it is highly important for several candidates to run for one seat in elections, but we initiated this 22 years ago, it is quite logical. Likewise, there is virtually no citizen in Romania who does not belong to an organization. Of course, the Romanian Communist Party is the recognized leading political force but, upon its initiative, the Socialist Democracy and Unity Organization was set up which includes the citizens who are not in the party. It has today over four million members, several hundreds of thousands more than the Romanian Communist Party. But we regard this as being quite normal.

All working people are organized in trade unions. The youth is organized in the Union of Communist Youth, while women have their organization. Similarly, scientists and men of arts and letters have theirs. We have scores upon scores of like organizations which give people the opportunity to take part in the discussion of all problems. We have the National Council of Working People as a form of real management of our society.

All these organs are part of a national political body—the Socialist Democracy and Unity Front—which also comprises all religious denominations and which take an active part, within this framework, in political and social life, and state their opinion on all problems, internal as well as international.

What we intend to do is to improve this system, not to change it.

Starting from what we have achieved since 1965, our concern is therefore to consolidate and develop the democratic forms we created, to improve both the management of the economy and the general administration of society. We think there is nothing we should change. The forms we have are good for the Romanian socialist society and hold good prospects for its development to higher stages.

Stoian Receives Palestinian Students Delegation
AU3005181189 Bucharest AGERPRES in English 1718 GMT 30 May 89

[Text] Bucharest AGERPRES, 30/5/1989—Over May 27-31, a delegation of the General Union of Palestinian Students (GUPS), led by Ibrahim al-Asad, chairman of the union, paid a visit to Romania upon an invitation extended by the Central Committee of the UCY [Union of Communist Youth] and the UCSAR [Union of Communist Students' Associations of Romania] Council.

During their visit, the delegation met with youth, students, UCY and UCSAR staff, saw round higher learning and socio-cultural units in Bucharest and Brasov County, and conducted talks at the headquarters of the Central Committee of the UCY, of the UCSAR Council and of the Ministry of Education and Instruction.

During the talks, experience and information were exchanged on the activity of the UCY, the UCSAR and the GUPS and the mutual wish was expressed to further strengthen and expand the links of friendship and collaboration between the Romanian and Palestinian university youth, in their mutual interests.

At the end of their visit, the delegation were received by Ion Stoian, alternate member of the Executive Political Committee, secretary of the Central Committee of the RCP.

Coman, Ilie Ceausescu Meet Cuban Military Group
AU3005181089 Bucharesst AGERPRES in English 1724 GMT 30 May 89

[Text] Bucharest AGERPRES, 30/5/1989—Over May 27-30, a Cuban military delegation, led by General Rogelio Acevedo Gonzales, head of the Central Political Directorate of the Revolutionary Armed Forces of the Republic of Cuba, paid a visit to Romania, upon an invitation extended by the Army Higher Political Council.

During their visit, the guests were received by Ion Coman, member of the Executive Political Committee, secretary of the Central Committee of the RCP [Romanian Communist Party].

The delegation were also received by Colonel-General Vasile Milea, alternate member of the Executive Political Committee of the Central Committee of the RCP, minister of national defence. On the occasion, emphasis was placed on the friendly ties between the two parties, peoples and armies, and new ways and modalities of expanding and diversifying the collaboration between the two armies were identified.

During their stay in Romania, the Cuban delegation exchanged experience on organizational and political-educational party work at the headquarters of the Army Higher Political Council with a delegation of activists led by Lieutenant-General Ilie Ceausescu, deputy minister of national defence, secretary of the Army Higher Political Council, and at the headquarters of party bodies in a number of military commands and units.

The Cuban guests also conducted talks with the first secretary of the Cluj County Committee of the RCP and saw round socio-economic and tourist units in Romania.

Paper on USSR Deputies Congress Proceedings
AU0606120889

Bucharest LUMEA No 22 in Romanian on 1 June on page 7, carries a 1,200-word report from Moscow by Romanian correspondent Nicolae Chilie entitled "The First Session of the Congress of People's Deputies—Mikhail Gorbachev has been elected chairman of the Supreme Soviet of the USSR." Correspondent Chilie reports briefly on the 25 May, the first day, proceedings of the "session of the First Congress of the People's Deputies in USSR, which, through its importance, draws the attention of the whole Soviet people" and on Gorbachev's election "with a great majority of votes" to the "high position as chairman of the Supreme Soviet of the USSR, which, in accordance with the provisions of the Constitution, is equivalent with the high position of the head of the Soviet state."

In his report on the second day of the proceedings, Chilie notes that "the Congress of the People's Deputies proceeded to the election of the deputy chairman of the USSR Supreme Soviet and, upon Comrade Mikhail Gorbachev's proposal, Comrade A.I. Lukyanov was elected to this office."

The major part of Chilie's report focuses on the speech delivered by Mikhail Gorbachev on the second day of the congress proceedings on "the fundamental directions of the USSR domestic and foreign policy." Chilie does not dwell on the domestic policy part in Gorbachev's speech, he only mentions that this speech is a "basic document for the proceedings of the Soviet Union's legislative forum and a guideline for further actions, laws, and measures to ensure the socioeconomic progress of the country and for finding solutions to the various and complex problems confronting the country in the current period." Reporting on the foreign policy part of Gorbachev's speech, Chilie mentions the positive turn in the Soviet-Chinese relations, the will of the USSR to cooperate with the United States on "predictable and stable bases," and the fact that in the Soviet Union "in the spirit of the restructuring process, the foundation of healthy relations with all states that participate in the Helsinki process has been established." Chilie lists the theses which Gorbachev submitted to the Congress of Deputies for examination and called on deputies to bear in mind the Soviet strategic line "which expressed the interest of the Soviet people and is in keeping with the interests of the whole mankind."

Pregl Interviewed on Inflation, Economic Issues

AU0706105789 Belgrade BORBA in Serbo-Croatian 26 May 89 pp 1, 7

[Report on "exclusive" interview with Zivko Pregl, vice president of the Federal Executive Council, by Djoko Kesic; place, date not given: "Inflation Will Be Stopped Toward the End of the Year"]

[Text] [Kesic] The representatives of the federal government, and Premier Ante Markovic himself, categorically claim that the economic reform will not be behind schedule. However, some economic theoreticians say that the reform of the economic system and the switch to a market economy will not be possible without new and radical constitutional changes. Although this is not the only issue that is currently being discussed in official discussions and among "ordinary" people, we selected it as the first issue for our interview with Zivko Pregl, vice president of the Federal Executive Council [FEC], and in this way opened a broad discussion concerning the economic reform in our economic system which cannot bypass the other two reforms nor the place and role of the FEC in the future organization of the country.

The FEC is of the opinion, Zivko Pregl unequivocally replied, that the adopted amendments provide a wide scope for economic reform and that there is no reason at all to postpone it. It is clear that the reform cannot be implemented over a long period of time and that we will definitely not overcome the crisis without profound changes in the political system. However, the situation in the country is such that this had to be the order of moves because we agree much more on the country's economic matters than on how to harmonize political development.

If we boldly start with economic changes I am convinced that we will create space for certain political changes in the political system. In this context one should look at the forthcoming constitutional changes with which one should be able to create a more favorable political climate through economic changes.

Our Concept Is Clear—Market!

The framework of the economic reform is made up of the laws that are in fact currently being amended, although they had only been adopted a few months before the new FEC was appointed. What is being changed? —we asked Vice Premier Zivko Pregl.

[Pregl] The FEC inherited seven laws which were adopted with economic reforms in mind. However, our view was that four of them needed to be supplemented: The Law on Enterprises; the Law on Banking Operations; the Law on Financial Oper ations; and the Law on Accounting. The following are the key ideas which we have incorporated in the amendments to these laws: In the Law on Enterprises, we proposed that those provisions which enable sociopolitical communities to interfere in enterprises' business be scrapped. Second, we proposed that all types of enterprises be acceptable regardless of the type of ownership. By this we are trying to introduce the idea of the pluralism of ownership which constitutes the core of our economic reform. Our proposal concerning this law is to abandon the concept of social property that belongs to nobody and turn it into social capital. We are trying to incorporate in this law the possibilities that would enable enterprises, that is to say their associations, to link up on the basis of social capital. These are the key changes in the Law on Enterprises.

New Relations Among Banks

The key novelties in the Law on Banks lie in the fact that we are trying to put in order our conventional banks and so-called mixed banks with a single law. The idea is to use this law in such a way that it would ensure the so-called "national treatment of foreigners" (whereby foreigners would have the same rights as our legal entities) and refer to mixed banks only in some specific cases. Otherwise, all provisions that apply to the socially-owned banks should apply to the banks with mixed ownership. The changes also provide a clear legal position of banks. They could be set up as joint stock companies or limited liability companies. It is very important to stress that by amending this law we have made more precise those provisions that refer to so-called capital adequateness (or as is more commonly called, the "health of banks") and that we have reduced the period in which the banks must "get well."

[Kesic] Does this change the position of banks in relation to sociopolitical communities, and will the communes, regions, and republics or provinces now be able to direct the banks' lending according to their own power rather than on the basis of sound programs?

[Pregl] From this point of view the Law on Banks was not all that bad. What is still left in it is that sociopolitical communities can be the founders of banks, but then this job would not be done secretly. In this case sociopolitical communities should invest their funds in banks and exert influence on banks' business proportionate to their investments. What should be of concern to sociopolitical communities is that we made certain criteria more strict and empowered the National Bank of Yugoslavia with the right to control the work of commercial banks, and even the right to liquidate banks if they do not respect the adopted criteria. At the same time, this prevents sociopolitical communities from interfering in the banks' business policies beyond the sphere of economics. The National Bank of Yugoslavia will be even issuing permits to set up banks. Moreover, the National Bank of Yugoslavia can express its views on the quality of the cadre policy in certain banks, something that is the established practice in the West, because, after all, it is the National Bank of Yugoslavia that guarantees the

citizens' dinar savings while the state guarantees foreign currency savings. Because of all this, the National Bank of Yugoslavia, if it finds that a certain bank does not have proper conditions for work, can withdraw its permit to operate and exist.

The key thing in the amended Law on Financial Operations is that this law will repeal the Law on Ensuring Payments, which is to say that it will abolish so-called "Yugo-bills of exchange." It is estimated that at present there are some 33,000 billion dinars' worth of such bills in circulation. It means that a clearer distinction will be made between the terms of liquidity and solvency.

The Law on Accounting, which has also been amended, radically reduces the number of those items [pozicija] that need to be revalued. In relation to the existing law, the number of items that need to be revalued is reduced by 40 percent.

Legal Backbone of Reforms

[Kesic] The public expects that the package of systemic and other laws will be adopted by mid-May. The FEC, however, demands that the adoption of a fairly large number of important documents and the application of the Constitutional Law be postponed.

[Pregl] Misunderstandings are possible here. The FEC has a quite definite stand as to which laws constitute the backbone of the economic reform. In addition to the Law on Foreign Investments, JUMBES [expansion unknown], and the Law on Planning, the four abovementioned laws that have been amended also constitute that backbone. Then, there are also the laws which regulate economic relations with other countries, which will soon be adopted, the Law on Work Relations, whose adoption is planned for the beginning of June, two laws on securities, the Law on the National Bank of Yugoslavia (scheduled to be adopted at the beginning of June), and the Law on the Basis of Taxation System.

By extending the deadlines set by the Constitutional Law we want to concentrate and make these regulations properly, and adopt less important laws later than prescribed by the Constitutional Law, hoping that the Constitutional Law will turn a blind eye. Therefore, the essence is not in delaying the work, but in dividing it into more and less important work. All the more essential laws for the economic reform will be adopted by the beginning of next fall. It is important to mention that the FEC will probably decide not to set the end of 1991 as a deadline for adjusting self-managing and general acts as a whole, that is to say the entire package of measures, as it was planned earlier. We will propose that deadlines be set for every law individually, and that they be considerably shorter.

[Kesic] There are some who believe that the federal government is exposed to serious resistance in adopting new regulations. It is even claimed that this resistance comes from the administrative apparatus of the FEC, which is to say that we do not have a sufficient number of experts to work on the drafting and adoption of these regulations.

[Pregl] There is no ideological resistance to economic reform in our society today. It is also true that we do not have enough educated people to prepare and put into operation these new laws because we have all been trained for the consensus economy. There are, however, some individuals who have been studying the development of the western economies; but only a few. On the whole, our major problem today is a lack of expertise. For instance, at present we are working on a certain concept of market labor force. Very few people in Yugoslavia know something about it.

[Kesic] Ante Markovic recently announced that a number of federal laws that regulate relations in the economy will be radically reduced.

[Pregl] That is correct. We are working on this. For instance, up to now we have had seven laws regulating economic relations with other countries. From now on we will have only three. In other words the Law on Financial Operations has joined several earlier laws together. As far as the number of articles in them is concerned, one can see that they have been reduced by 50 percent. What is even more important is that all these regulations significantly reduce the discretionary rights of the state organs in decisionmaking in the economy. The state should only be concerned about legality, everything else should be left to enterprises.

All Market Possibilities Are in Play

[Kesic] You are working on a concept of a securities market and as far as we know, we have recently been visited by the representatives of the IMF who acted as consultants on this matter. There are several different models of security markets in the world. Which concept will Yugoslavia adopt?

[Pregl] We lack expertise in this sphere and this is why the representatives of the IMF paid a visit to our country. Some of our people will also be sent for consultations and talks abroad. We will continue consultations with foreign experts. You raised the question of which model we will adopt. This is difficult to say at present. It is a well-known fact that Japan financed its development mainly through bank loans, that in the United States securities reflect the title of ownership, while in Europe bonds play an important role. Our role is to open the door to all possibilities. Practice will eventually allow us to decide on one of these concepts.

[Kesic] When could one realistically expect the securities market to begin its operations?

[Pregl] The law on this will be ready immediately after summer vacation. However, we need to establish market institutions and set up stock markets which will be able to carry out transactions. The other side of this story lies in the new concept of financing social communes. Resolving the problem of our internal debts will not be possible without securities either. In brief, it is difficult to believe that the securities market in the real sense of the word will begin to work before the end of this year, but a possibility of it operating in some form is not excluded.

Which Measures Are Anti-Inflationary

[Kesic] The FEC president recently said in Radenci that his government does not have an anti-inflationary program and that it does not intend to make one. This view considerably differs from the practice of the previous governments. What does it really mean?

[Pregl] We are of the opinion that all short-term and long-term measures be anti-inflationary. Inflation in our country is rooted to such an extent that is is not possible to combat it overnight. We do not want to create an illusion that inflation can easily be curbed with a special anti-inflationary program. However, this does not mean that we do not have a concept of how to curb it. Inflation can be partly stopped through a freeze, but we are certain that this is not the right way to do it, and therefore I can categorically state that there will be no price or income freezes.

The long-term anti-inflationary measures envisaged by the FEC are the liberalization of imports and prices, and the alleviation of the tax burden on the economy. In the short run they are the measures which we are proposing in the monetary and financial spheres, in the sphere of economic relations with other countries, and in the accounting system.

In the monetary sphere, we are proceeding from the assumption that inflation would not be high if the money used to pay high prices was not in circulation. Today, monetary authorities control only 20 percent of the money in circulation while the remaining 80 percent is uncontrolled. If one takes into account the so-called gray issue, one would probably find out that the National Bank of Yugoslavia controls only about 10 percent of the money in circulation. We are now proposing measures which would, in the sphere of primary issue and selective lending, have a contracting effect because the situation requires this. The other measure is a divorce between the federal budget and the National Bank of Yugoslavia. In other words, we will abolish the automatic easy borrowing by the federation from the National Bank of Yugoslavia for its budgetary expenditure. Another important measure is that in the future the National Bank of Yugoslavia will not grant loans to the commercial banks that have not settled their liabilities. Today, commercial banks are owed some 5,000 trillion dinars by enterprises. Scrapping "Yugo-bills of exchange" is also an important anti-inflationary measure in the financial sphere. Bills of exchange will continue to exist as a method of payment, but nobody will be able to present them for payment to the Social Accounting Service before the drawee's financial position is checked. In our economic relations with other countries we intend to change the method of financing our transactions with the clearing account countries. We will put a stop to the practice of registering transactions automatically as they occur rather than the date of settlement. With our measures in the interest rate policy we intend to prevent commercial banks from raising interest rates on loans too much above the rate of inflation. This will enable work organizations to obtain cheaper but realistically valued funds.

Reducing the federal budget is also an anti-inflationary measure. What is also important is the fact that the Law on Accounting will considerably reduce the obligation to carry out reevaluation through the force of law. We are also reexamining all elements in setting up the prices in economic infrastructure. All automatic action that feeds inflation will be stopped.

Results By Next Fall

[Kesic] Your government has for the first time been seriously criticized because inflation is increasingly threatening the people and the economy. What will be the rate of inflation at the end of this year according to the government's forecasts?

[Pregl] The forecasts that inflation could be 1,500 percent are indeed dubious. There are very few economists who have been studying this problem in a scientifically-qualitative manner. These forecasts are arbitrary. They did not take into account the effect of the measures I mentioned earlier. We are now trying to estimate the possible effects of the measure undertaken by the FEC. My personal view is that if we want to introduce a market into our economy, together with all reform measures as adopted by the SFRY Assembly, then we can expect inflation to stop at the end of this year and to start falling next year. My view is that the anti-inflationary measures of the economic policy will begin to work at the beginning of fall.

If the entire packet of measures of the economic policy is examined, one can see that these measures act anti-inflationary jointly. The analysis of these measures will be made in the Assembly in the first half of June. The FEC will present a report and the Assembly will pay due attention to inflation.

[Kesic] The public is of the opinion that Ante Markovic has become the president of the FEC without a concept of how to combat inflation.

[Pregl] The measures that have been undertaken indicate something completely different although I would not want to interpret Ante Markovic's stand on this topic.

One should note the fact that we do not treat inflation as a special problem. This was done in the past and we have tonnes of papers with various anti-inflationary titles. The effects of this are well known. It is clear that this problem must be "deeply penetrated." We must seriously count on anti-inflationary measures—the participation of private, foreign, and domestic capital, more effective utilization of social capital, and especially on reducing the burden of taxes on the economy. Certain measures undertaken to relieve the economy can now be measured in terms of trillions of dinars.

This country must bear in mind the fact that the FEC will not give up the concept of the market economy at any price and that we are building the confidence for foreign and domestic capital on this fact. We must establish a long-term and stable cooperation with the world.

[Kesic] Has the government considered the possibility of resigning if inflation is not been curbed?

[Pregl] We have not been contemplating this. What is important is that the government considers inflation to be the main problem and therefore I promise you, on behalf of the FEC, that we will tackle this problem most seriously. Inflation is not only threatening the government of which I am a member. It is also threatening the country as an economic and political entirety.

[Kesic] Will the FEC take vacation this year?

[Pregl] We intend to carry out all the planned tasks within the set deadlines. It would be tendentious to claim that the FEC will not take a vacation, but this vacation will not be leisurely nor as long as it used to be. There is no need to bring into all this some kind of asceticism.

FEC, What Does That Sound Like Now?

[Kesic] The attempts to make the FEC the government in the real sense of the word are increasingly obvious. Does the hope to achieve this through the forthcoming constitutional changes exist?

[Pregl] The constitutional changes are enabling the FEC to act as the government to a greater extent then it used to be. The responsibilities of the FEC are clearer and the prerogatives are greater. This is why this government will be accountable only to the SFRY Assembly and does not intend to reply to criticisms made by other bodies and institutions.

[Kesic] You said that ideological resistance to the reform is no longer present, but obstacles in terms of republican and provincial interests are still there. Do you expect that the measures of the economic policy which you spoke about will encounter resistance in the SFRY Assembly?

[Pregl] We do not intend to haggle with anybody about anybody's interests. Our concept is clear—market! This concept can break these state obstacles in Yugoslavia, and this will be our orientation. We will not deviate from it and will defend it as long as we can.

[Kesic] Will you, in the absence of power, seek the help and protection of the party Presidium and the State Presidency as your predecessors did?

[Pregl] Our intention is to have the SFRY Assembly as our first partner. However, the Presidium and the Presidency have certain obligations, this is our system. The SFRY Presidency must intervene through certain laws and measures when the interests of country need to be defended.

One must say that our intention is not to approach the party Presidium and the State Presidency and ask for the permission do this or that. We simply want to get on with our work.

[Kesic] What will happen if the SFRY Assembly does not approve the adjusted federal budget? This will the first real test for the new FEC.

[Pregl] If the readjusted budget is not accepted, inflation will not be curbed, there will be no economic reform. If the readjusted balance is rejected, the FEC will have to think about the implementation of its concept and its own fate. This is why I do not expect any problems in this respect.

[Kesic] The current FEC does not hold sessions as frequently as the previous FEC. Are we talking about a new method in the FEC's work?

[Pregl] This is correct. Sessions are held much less frequently then in the past because we are, first of all, of the opinion that the problems are not solved at these sessions. When we hold our sessions, every department comes with solutions to the set tasks. It is worth noting that the present ministers have much greater powers than used to be the case.

[The following passages appear boxed within the body of the item]

Foreigners in Our Country

[Kesic] To what extent do changes in the laws, primarily the Law on Enterprises, guarantee stable foreign investments, and where will, in your opinion, these investments first go?

[Pregl] These new regulations are opening even more scope for business initiative from abroad. With the Law on Enterprises we have removed a number of obstacles

to the transformation of one form of ownership into another. The things are now founded on the economic-technological logic and I think that this law is also attractive for foreigners.

It is logical that foreign investors will be most interested in the economic branches and fields in which we have a comparative advantage. The federal government is of the opinion that this will be, above all, tourism and roads. One must not forget the fact that we also have a considerable qualified cadre in the field of modern technology. However, we hope that investments will first pour into small businesses. These are only some general forecasts which will most probably be confirmed by practice.

Incomes in Installments

Analyses show that some 30 percent of work organizations in the country pay out personal incomes two or more times a month and that this contributes considerably to inflation. This reduces the liquidity of work organizations. This is also the cause of effective demand in the market taking place earlier than it would have had personal incomes been paid out once a month. This is why we are considering a law which would force work organizations to pay out personal incomes only once a month.

It is correct that inflation is rising 0.7 percent a day and that in this way the workers want to protect their standard of living, but seen in general terms, this is causing a much greater harm to the economy than a benefit for the workers.

Good Move

[Kesic] The Socialist Republic of Serbia is currently promoting "a loan of renaissance." What is your view on that, and is the federal government considering a similar loan at the federal level?

[Pregl] Every move that can realistically mobilize additional funds for development is welcomed. I think that this is a good move provided that there is a clearly defined program of how these funds should be used effectively. A market philosophy should be built into it.

We have not been thinking about a federal public loan. We are more in favor of a concept of creating general conditions so that this and similar activities can be undertaken by businesses.

Albanian Intellectuals Reject Appeal Assessment

AU0706164689 Pristina RILINDJA in Albanian 4 Jun 89 p 3

[M.H. report: " 'Appeal 215'—Tactless"]

[Text] The Communists of the Albanological Institute have committed themselves to actively confront the general political situation, and there has been no lack of results. Hitherto, there have been no excessive acts or work stoppages of any kind, while general interpersonal relations in the collective are satisfactory. This was said at yesterday's meeting of the League of Communists' [LC] basic organization of this institution, which discussed the current political situation and the Pristina LC Communal Committee's assessment of the appeal of 215 Albanian intellectuals. The general commitment of the academic staff of this institution to shedding light on many topical issues was also stressed, although it was said that little has been done to expose pseudoscientific tendencies and approaches to the history, traditions, and general culture of the Albanian nationality in Yugoslavia that have been noticed in certain circles at various levels. Debating the Pristina LC Communal Committee's assessment of the appeal of the 215 Albanian intellectuals, all participants in the meeting rejected the assessment as one-sided, hastily produced, and politically tactless. The Communists of this institution based this view on the fact, as they put it, that the methods whereby such assessments are made have become a platform for a campaign against people, something that has no place in the League of Communists of Yugoslavia. They rejected the view that the appeal is a political pamphlet with nationalist and separatist tendencies, since, as they said, the appeal is a humane demand addressed to the legal authorities of our system and a product of the democratic debate on the constitutional changes. The Communists of this institution were also opposed to the classification of the signatories of the appeal into authors and signatories, the culpable and the less culpable. In conclusion, the basic LC organization of the Albanological Institute opposed the Pristina LC Communal Committee's assessment of the appeal of 215 intellectuals of the Albanian nationality.

Fornster Fails To Report to Prison Authorities

AU0706164189 Belgrade BORBA in Serbo-Croatian 29 May 89 p 4

[Unattributed report: "Borstner Must Go to Prison"]

[Text] Ivan Borstner, who was sentenced to 4 years in prison by the Ljubljana Military Court, will have to go to serve his sentence soon. Borstner should have reported to the prison authorities in Hotemez on 16 May, but he has not done so yet.

On 25 May, a competent court in Skofija Loka sent to the workers of the Internal Affairs Organs an order to forcibly arrest Borstner, but the Skofija Loka Militia Station never received the order.

David Tasic, who is also one of the men sentenced at the trial of the four [Janez Jansa, David Tasic, Franci Zavrl, and Ivan Borstner], will have to start serving his sentence as of 10 July in the Nova Gorica prison, while the forth convicted man, Franci Zavrl, will have to go to prison on 1 August. He will serve his sentence in the minimum security part of the Hotemez prison.

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